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Daily Report

China

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General

RENMIN RIBAO Year-Enders on Regional Conflicts

HK2712134394 Beijing RENMIN RIBAO in Chinese
23 Dec 94 p 6

["Year-end special article" by Ye Zhengjia (0673 2973 0163), research fellow at the China Institute of International Studies: "Trends of Regional Conflicts in 1994"]

[FBIS Translated Text] Synopsis: With the end of the Cold War, the overall global situation is relaxing and old regional conflicts and localized wars have been, or are being, settled. However, new regional conflicts and localized wars have been breaking out frequently. These conflicts in the 1990's are, generally speaking, smaller than those during the Cold War in terms of size, intensity, and impact but, because of them, this is still a turbulent world.

In 1994, intricate changes in and development of regional conflicts and localized wars have taken place and the following four trends have emerged:

First, the peace processes in the Middle East and southern Africa which are under way have made great strides forward this year. After reaching the Declaration of Principles on Palestinian Autonomy last year, the PLO and Israel signed the Cairo Declaration last May to implement the autonomy plan of the occupied zone. The gradual expansion of the Palestinian Autonomous Region from Jericho and the Gaza Strip to other areas on the West Bank of the Jordan River is basically progressing smoothly and rapid progress has also been made in relations between Jordan and Israel. In July, Jordan, Israel, and the United States signed the Washington Declaration to end the state of war between Jordan and Israel; in August, Jordan and Israel signed their first draft economic agreement, making a real breakthrough in Jordanian-Israeli relations. Jordan and Israel concluded a peace treaty on 26 October and established diplomatic relations the following day. Following Egypt, Jordan has become the second Arab country to establish diplomatic relations with Israel. The reconciliation between Palestine and Israel and between Jordan and Israel has given an impetus to the reconciliation between Syria and Israel, who are striving to narrow their differences and to seek a peace plan acceptable to both parties. The Mideast peace process has become irreversible.

On the continent of Africa, the first multiracial government of national unification in South Africa was established in May following an all-race general election and the three-party coalition government, led by the African National Congress, enjoyed the wide support of 90 percent of the electorate. As far as the composition of the new government was concerned, consideration was given to the interests of all races and political factions. In the past six months or so, conflicts between blacks and whites, or among blacks, have been alleviated and the

focus of state construction has been turned to the economic aspect. In Mozambique and Angola, the two southern African countries which have been involved in civil wars for nearly two decades, major breakthroughs have also been made in terms of peace efforts. In late October, a general election was finally held in Mozambique, in accordance with the 1992 peace agreement, and Chissano, the incumbent president, was reelected, thus consolidating peace and laying preliminary foundations for economic reconstruction. After more than three years' of repeated twists and turns, both parties to the civil war in Angola—the government and the National Union for the Total Independence of Angola—formally signed the second peace agreement on 20 November, thus offering a new hope of peace to the settlement of the longest and the cruelest civil war on the continent of Africa.

Second, a major breakthrough has been made in the situation on the Korean Peninsula. After 18 months of difficult talks, U.S. officials and their DPRK counterparts formally signed in Geneva on 21 October a Framework Agreement on settling the nuclear issue on the Korean Peninsula. The fulfillment of this agreement will eliminate the antagonism between the DPRK and the United States and build up mutual trust. The DPRK and the United States have consulted with each other about relaxing trade restrictions and are making efforts to set up their diplomatic liaison offices in the other side's capital as soon as possible. Meanwhile, the United States and the ROK have announced the suspension of the annual joint military exercises, codenamed "Team Spirit," which have been held since 1976.

Third, certain old hotspots of regional conflict which had been cooled down erupted again. Early this year, civil war broke out again in Cambodia and the government troops launched massive offensives against areas controlled by the Party of Democratic Kampuchea. In July, the Cambodian Congress adopted a resolution to declare the Khmer Rouge an illegal group. Hen Sen said on many occasions that U.S. military aid would be welcomed. In September, three government and military delegations dispatched by the United States went in turn to Cambodia for negotiations and declared that the United States should return to Indochina. Afghanistan is no longer a regional hotspot of Soviet-U.S. rivalry since the fall of the Najibullah regime in 1992 but it is still torn apart by various armed factions and the fighting for control of Kabul, the capital, goes on. This dispute is still endangering regional peace and stability. Fourth, new post-Cold War regional conflicts and localized wars have arisen, one after another. This year, Europe is still the place where the outbreaks of new regional conflicts and localized wars in the world have been concentrated. Armed clashes in the former Yugoslavia, Bosnia-Herzegovina in particular, have gone on for two to three years and are still the focus of new regional conflicts. They are a serious source of distress for Europe, the United States, Russia, the Islamic World, and such international organizations as the United Nations. The

chaos caused by war in the southern part of the former Soviet Union, the Caucasian Region in particular, is far from over. On the continent of Africa, the civil war in Somalia is not completely over, whereas the flames of war have raged throughout Rwanda. In the Western Hemisphere, the crisis in Haiti, which had gone on for years, finally led to U.S. military intervention this year under the guise of multinational troops. In addition, conflicts between ethnic groups and religious sects, as well as territorial and resources disputes throughout the world, are too numerous to mention individually and there are latent danger spots for the outbreak of open confrontation and localized wars.

With the end of the Cold War, the risk of a global nuclear war has basically vanished but regional conflict has become a relatively outstanding issue. Since there are many uncertain factors leading to regional conflicts and localized wars, their prevention and settlement is very complicated and deals with a wide range of issues. What are the factors affecting the growth and decline of post-Cold War regional conflicts and localized wars?

First, people are longing for stability. The settlement of old hotspots of regional conflict is, of course, related to the tremendous changes in the world pattern but it is also ascribed to changes in people's feelings. In old hotspot areas, due to chaos caused by decades of war, socioeconomic conditions are extremely turbulent and the people's misery is indescribable. For them, peace and development, as the trends in the world of today, are more impressive and urgent. Hence, the moderates who strongly advocate reconciliation find it easy to win the support of the masses. This is an important domestic factor accounting for the irreversibility of the peace processes in the Middle East and southern Africa.

Second, international intervention of Western powers such as the United States, has a dual nature. Because of the Soviet Union's disintegration, the United States, in its capacity as the sole superpower in the world, is able to intervene in regional conflicts or even in other countries' internal affairs. The United States, by treating the Arabs and the Israelis with carrot and stick, has expedited the peace process in the Middle East but its actions in Bosnia-Herzegovina have made the situation there more complicated. In its interventions, the United States often conceals its plot of bearing its own interests in mind.

Finally, the outbreak and development of regional conflicts and localized wars have their inherent historical, cultural, national, religious, economic, and political sources. In the past, during the period of bipolar world confrontation, and due to the cover-up of the inherent factors of regional conflicts through hegemonic intervention, people were inclined to believe that the end of bipolar confrontation would help settle regional conflicts but, in reality, things are not so simple. Not all of the international interventions in regional conflicts and localized wars, including UN peacekeeping operations, are successful. Now, people further understand the

importance of inherent factors in regional conflicts and localized wars and practical measures of prevention and remedy have to be taken.

Next year, progress will continue to be made in the peace processes in some hotspots but some relapses are inevitable and some new hotspots may also occur. Regional conflicts and localized wars still cause distress to the international community.

Article Views Nonproliferation Efforts

OW2712145094 Beijing *BEIJING REVIEW* in English
No 51, 19-25 Dec 94 pp 19-21

[Article by Bu Ran: "The International Nuclear Nonproliferation Mechanism"]

[FBIS Transcribed Text] A conference will be held next April by signatory states to the Treaty on the Non-Proliferation of Nuclear Weapons. This conference has aroused concerns in the international community over the issue of a mechanism to ensure the non-proliferation of nuclear weapons. Prior to discussions on that mechanism, it is necessary for us to appraise the current conditions that prevail in nuclear proliferation and its prevention, as this is a necessary basis for one to make comments on the function of that mechanism and a basis for one to offer tentative plans concerned.

Nuclear-proliferation and the prevention of proliferation. In regard to the proliferation of nuclear weapons and nuclear technology, there are currently two opposite trends in the international community.

One trend is that the call for non-proliferation has become stronger, spurring concerned nations to take new and more practical approach to the problem. On the one hand, propelled by the international community, substantive negotiations on an all-out ban on nuclear tests have been under way in Geneva. Negotiations on the banning of the production of fission materials for nuclear use have been included in the agenda. In addition, the United States and Russia signed the Treaty on the Second Phase of Cutting Back Strategic Nuclear Weapons and about two-thirds of strategic nuclear warheads possessed by both sides will be disposed of in adherence with the treaty. More states have decided not to develop nuclear weapons, including South Africa—a nation that has obtained nuclear weapons in the past. Presently, of 184 member states in the United Nations, 164 are also the member states to the Treaty on Non-Proliferation of Nuclear Weapons. Brazil, Argentina and Ukraine have made it clear that they do not intend to obtain or retain nuclear weapons.

The other trend is that the race to obtain nuclear arms continues in some regions. To obtain or retain a nuclear deterrent force is still a part of the strategy carried out by some nations. On the one hand, two or three nuclear states have taken shape or are being formed. In the Middle East, Iraq's plan of secretly developing nuclear weapons has been ruined, however, the momentum of

Israel's developing of nuclear weapons has not been curbed. In South Asia, it is alleged that India has obtained nuclear materials for 100 nuclear weapons after it carried out nuclear tests and sped up the development of its carrier missiles. Pakistan is striving to give up nuclear weapons simultaneously with India, while at the same time announcing that it has the capability of manufacturing nuclear weapons. In addition, a final settlement of nuclear disputes on the Korean Peninsula has not been achieved; the danger resulting from the smuggling of nuclear materials is prominent.

Though the Cold War between the West and the East has ended, some nuclear powers still pursue a nuclear deterrent policy. They are neither willing to abandon unconditionally the use of nuclear weapons against non-nuclear-weapon states or pledge not to threaten to use them, nor to undertake not to be the first to use nuclear weapons. Moreover, these countries do not intend to implement complete and thorough nuclear disarmament and still continue to improve their nuclear weapons. This hampers the efforts to set up a framework for non-proliferation worldwide.

Although nuclear proliferation and its development aggravate the current situation, the trend of combating nuclear proliferation remains the predominant trend in the world today, which will be the main force to ensure international arms-control. **The function of a non-proliferation mechanism.** The international community has not reached a consensus on the function of a mechanism for nonproliferation, as it is a complex and many-faceted issue. But by and large, one can see the following major characteristics.

First, only in the context of facilitating stability and improving international and regional security mechanism, can the nonproliferation mechanism give full play to its sustained and effective role. The rise and development of nuclear issues is closely related to international and regional security, and more exactly, it is part of international and regional security issues. So it must be in this context that we seek the most effective means to prevent nuclear proliferation. As to proliferation in South Asia, India holds the ambition to possess nuclear weapons and is attempting to carry out power politics in the South Asia Subcontinent. Pakistan maintains its right to have nuclear weapons, mainly to deal with the threat from India. At present, both sides have not openly stepped into the nuclear circle, but only because they are restricted by international and regional security concerns.

The nuclear issue on the Korean Peninsula is in fact a continuation of a problem left over from the Korean War in the early 1950s. Since the U.S. chooses to hold dialogues and negotiations to resolve these problems, people believe that it will be conducive to the stability and improvement of the situation in this region, and will open up brilliant prospects for reaching a final resolution as soon as possible.

Second, only if it aims to promote the realization of all-out and thorough nuclear disarmament, can that mechanism receive firm support from nuclear-free states. Many states point out, when recognizing the necessity of maintaining the mechanism, that prevention of proliferation itself is not the end that the international community desires, it is instead the complete prohibition and thorough destruction of nuclear weapons that is our real goal. An effective global mechanism can not be established and maintained with the determination of only a few states. The forthcoming conference to be held by the signatory states to the Treaty on the Non-Proliferation of Nuclear Weapons will decide whether or not the treaty will be prolonged, and how this can be done.

The treaty on non-proliferation is a legal document concerning international arms-controls with the largest number states. After the treaty came into effect, in such fields as the prevention of nuclear proliferation, the promotion of nuclear disarmament and the peaceful use of nuclear energy, it has played a key role. To maintain this treaty is of great importance to the enhancement of the international non-proliferation mechanism. And only by recognizing and satisfying the just demands from nuclear-free states, can we serve as a positive factor in the smooth extension of the treaty.

Third, the maintenance and the reinforcement of the mechanism depends to a large extent on the leading powers, especially the five permanent member states of the UN Security Council. These nations should make due contributions to the establishment of this mechanism and the states who own the largest nuclear arsenals should make special efforts. The actual conditions of nuclear proliferation show that nuclear proliferation can not be averted by relying only on the formulation and perfection of the treaty. Frequently, policies concerning powers' security have exerted a decisive influence in regional hot spots. It is clear that India would not make such advancements in its nuclear plan without the backing of a nuclear power. Also, one can see that there is a double standard when Israel can develop nuclear weapons without the threat of sanctions while the Democratic People's Republic of Korea is faced with the threat of being sanctioned because it refuses special nuclear inspections by other countries. International critics also pointed out the fact that two nuclear states' long-term cooperation in developing nuclear weapons violates Section I of the Treaty on Non-Proliferation of Nuclear Weapons. Many people think that the permanent member states of the UN Security Council should be the first to hold responsibility for the maintenance of the mechanism and fulfill in earnest their international obligations to the relevant international treaty. **The means for strengthening the non-proliferation mechanism.** To find an effective means for strengthening the mechanism, we have to consider international and regional security, in particular, the process of the peaceful settlement of regional conflicts. There are three major areas in which special work should be done:

1. According to fair, rational, all-out and balanced principles, the relevant international treaty should be mapped out and perfected. In 1991, the five permanent members of the Security Council held an arms-control convention, stating that the five states would take "fair, rational, all-out and balanced measures to prevent proliferation and maintain arms-control" in a bid to deal with the threat to peace, security and stability caused by the proliferation of weapons of mass destruction. Three years later, the international situation has changed, but the established principles are still appropriate and they are also of significance to the treaty on a complete ban on nuclear tests that is being negotiated and to the treaty on the banning of the production of fission materials for nuclear use. Discrimination against developing countries that are still developing their science and technology under the pretext of preventing nuclear proliferation must be avoided. On the basis of equality and mutual benefit, administrative or technological limitation and regulatory measures should be worked out and a fair and effective international supervision and nuclear inspection mechanism should be established and expanded.

2. We must make greater efforts to push forward a peaceful resolution of international conflicts. This entails cultivating and creating an international and regional security environment for the prevention of nuclear proliferation. We must act within the guidelines of the United Nations on the basis of mutual respect of the sovereignty of other nations and oppose international and regional power politics. We should give full play to the role of the UN and its institutions concerned in safeguarding regional security and preventing nuclear proliferation. Countries should jointly discuss various ways to strengthen trust and security and formulate the means to promote the establishment of a regional non-proliferation mechanism that conforms with international non-proliferation mechanism.

3. Political coordination between the permanent members of the UN Security Council is necessary to guarantee the nonproliferation mechanism. The five permanent member states may take proper steps through consultation in order to improve the international and regional nonproliferation mechanism. For example, the five states may formulate common policy toward supporting the establishment of nuclear-free zones in the Middle East, South Asia and on the Korean Peninsula. Trust should be strengthened between countries, including discussion on arms control, and agreements on the non-first use of nuclear weapons among the five states. The model set up by China and Russia may be followed, that is, both sides promised not to be the first to use nuclear weapons through a joint declaration. Above all, every permanent member state ought to fulfill its obligation to prevent nuclear-proliferation, stop direct or indirect support for researching, developing and obtaining nuclear weapons. It is also important that no country takes the prevention of nuclear proliferation as its means to interfere in the internal affairs of other nations.

Foreign Loans Help Projects for Poor in Shanxi

OW2312113594 Beijing XINHUA in English 0948
GMT 23 Dec 94

[FBIS Transcribed Text] Taiyuan, December 23 (XINHUA)—North China's Shanxi Province has been making efforts to eliminate poverty by making use of about 82.35 million U.S. dollars of low-interest loans and grant-in-aid provided by the international organizations.

The funds, mainly from the World Bank, the International Fund for Agricultural Development (IFAD), and the World Food Program (WFP) of the United Nations, have successfully helped five projects concerning agriculture, education and health care.

In China the poverty line means that people in those less-developed outlying areas have an annual income of no more than 320 yuan (about 37.64 U.S. dollars) per capita.

At present, the land-locked Shanxi province has about 3.81 million people living under the poverty line in some 50 counties.

Since 1991, the IFAD has invested about 37.65 million U.S. dollars for a comprehensive development project of agriculture in eastern Shanxi's mountainous areas.

The loans were used in upgrading irrigation facilities, improving soil, raising silkworms, planting fruit trees and developing animal husbandry and local pillar industries in five counties in the area.

By now, these counties have cultivated or improved 5,400 ha of irrigated land and ameliorated soil for 11,333 ha of farmland. The farmers also have planted 11,465 ha of mulberry trees, fruit trees and grass.

Through using 37 million U.S. dollars from the World Bank and 12 million U.S. dollars worth of wheat provided by the WFP, the province has also upgraded low-yield farmland, launched water and soil conservation projects and built roads and drinking water facilities in northwestern Shanxi.

In addition to agriculture, money has been put into developing education in this province.

In past two years, conditions have gradually been changed for both teachers and students of 1,781 primary and middle schools in three prefectures of western Shanxi.

Since July, 1992, the province has spent 50 million Yuan (about 5.88 million U.S. dollars) from the loan of the World Bank in improving teaching conditions and renovating or rebuilding houses for these schools.

The aid-the-poor program in Shanxi also includes improving health care for people in the poverty-stricken areas, where there is a shortage of well-trained medical workers, medical equipment and clinics.

From the beginning of this year, the province plans to pour 18 million U.S. dollars of the world Bank's loan to launch a six-year drive to develop rural human resources for medical service.

The drive will help the underdeveloped areas set up a training network with 151 township clinics, 78 township medical worker training centers and lots of secondary medical schools to train over 100,000 rural medical workers for the years ahead.

Meanwhile, Shanxi Province is applying for a loan of 400 million U.S. dollars from the World Bank for a water-diversion project, which will lead water from the Yellow River to some arid areas of the province.

Moreover, the province will apply for 100 million U.S. dollars more to help the poor areas in southwestern Shanxi to develop aquatic production, forestry and animal husbandry and construct irrigation facilities.

The annual income of the farmers in these areas is expected to reach an average of 800 Yuan (about 94.1 U.S. dollars) per capita.

United States & Canada

U.S. Retaliation 'Will Only Lead to a Trade War'

HK2812091994 Beijing XINHUA Domestic Service in Chinese 0947 GMT 27 Dec 94

["News analysis" by XINHUA reporter Zhang Yijun (1728 4135 0193): "Setback in China's GATT Reentry Attempt and Development Trend of Sino-U.S. Trade"]

[FBIS Translated Text] Beijing, 27 Dec (XINHUA)—The United States is supposed to have played a leading role in disrupting the conclusion of negotiations on China's reentry to GATT before the founding of the World Trade Organization. During the latest round of talks between China and the United States concerning intellectual property rights, the chief U.S. negotiator left without saying goodbye, so that the talks were interrupted.

Such events have brought new destabilizing factors to Sino-U.S. economic and trade relations at the time of striding into a new year, although they had presented a good development momentum since the beginning of this year.

However, people here point out that the economic and trade relationship between China and the United States will continue to grow as long as the two sides have sincerity in resolving problems on an equal footing through dialogue and consultations.

According to the statistics produced by Chinese customs, the Sino-U.S. trade volume reached \$24.1 billion during the first nine months of this year, representing an increase of 34 percent over the corresponding period last year. Of the total, the volume of exports to and imports from the United States exceeded \$14 billion and \$9.7

billion respectively, which showed that the margin of increase for imports was 20 percentage points higher than that for exports.

In the meantime, more and more American companies have manifested a relatively great enthusiasm for coming to invest in China. Up to June this year, the number of projects engaged in by U.S. investors totaled 14,000, with a contracted amount of \$17.1 billion and an actual financial input of \$6.35 billion. Of the 500 largest U.S. enterprises, over 80 have set up enterprises in China.

An authoritative source pointed out: Since the beginning of this year, the development of Sino-U.S. economic and trade relations has primarily benefited from the following two factors: 1) U.S. President Clinton's announcement in May of the extension of 1994-95 most-favored-nation [MFN] status to China and his decision to delink trade from human rights issues; and 2) the two meetings between President Jiang Zemin and President Clinton in Seattle and Jakarta and the frequent high-level contacts between leaders of the two governments during this period.

Despite all this, an evident fact is that Sino-U.S. economic and trade relations have all along been developing amid frictions.

Apart from the divergences regarding the issues of China's reentry into GATT and the protection of intellectual property rights, the principal factors bedeviling Sino-U.S. economic and trade development include such issues as the MFN treatment that calls for an annual review, textile trade, antidumping, control of exports to China, and so on.

A source from economic and trade circles maintains that since the problems regarding trade between China and the United States have emerged in the course of bilateral trade development, they must be properly settled in the course of furthering this development. Otherwise, it will be difficult for bilateral economic and trade relations to attain a more robust development. The solution of these problems primarily calls for the United States to augment its competitiveness and abandon its trade protectionism.

During the period between now and the end of this century, China's total amount of imports will exceed \$1 trillion. It is also necessary for China to import foreign funds, advanced technical equipment, and raw and semi-finished materials, particularly those for infrastructure facilities including energy, communications, telecommunications, and so on, from foreign countries. These are precisely where U.S. actual strength and competitive advantages lie.

It is envisaged that if only the United States will relax its restrictions on the export of high-tech products and provide powerful government support such as credit facilities to China, it will be able to hold a greater share in the rapidly growing market in China.

A senior official in charge of Sino-U.S. economic relations and trade from the Ministry of Foreign Trade and Economic Cooperation said emphatically: Given the frictions and obstacles, development is always the mainstream of economic and trade relations between China and the United States, and the existence of problems should not damage this mainstream. It will not help the situation to apply sanctions or carry out retaliation for whatever reason. The policy of brandishing a club will only lead to a trade war.

From the fact that an economy is boosted through mutually complementary efforts, more and more people have come to realize that the development of economic and trade cooperation accords with the common interests of China and the United States. However, people are waiting to see whether or not the two countries will genuinely resolve the existing problems through equal and patient consultations so that they will be able to expand their bilateral economic and trade cooperation and build up a new economic and trade relationship that will advance toward the 21st century.

Year-End on Sino-U.S. Trade, Cooperation

HK2812105494 Beijing ZHONGGUO XINWEN SHE
in Chinese 0632 GMT 26 Dec 94

["Yearend article" by reporter Tang Dianwei (0781 0368 0251)]

[FBIS Translated Text] 26 Dec (ZHONGGUO XINWEN SHE)—The year 1994 has seen spectacular achievements in Sino-U.S. trade and economic cooperation on a pragmatic and mutually beneficial basis. The features can be summarized in three phrases: There has been a rapid growth in trade and investment; there has been an increase in reciprocal visits by high-ranking officials of the two countries and in matters on which they have reached a consensus; and a great potential has been shown for removing obstacles to their economic cooperation.

Despite frequent trade friction over the last few years, the bilateral trade volume has gained a rapid growth momentum. According to the statistics released by China's customs, the bilateral trade volume hit \$27 billion in the January-October period this year, up more than 20 percent over the same period last year and at about the level for the whole of 1993, while the U.S. Commercial Department said the bilateral trade volume for the first three quarters of this year amounted to \$35.3 billion.

This year has witnessed a fairly big growth in exports by both parties. While China is the principal customer for American aircraft, machines, electronic products, chemicals, petroleum, wheat, chemical fertilizers, and timber, the United States is an important export market for Chinese textiles, garments, shoes, toys, and electrical appliances.

The United States remains China's third biggest trade partner, while China ranks ninth among U.S. trade partners.

In another development, U.S. enterprises, various U.S. transnational corporations in particular, have shown greater and greater interest in investment in China. The latest statistics indicate that U.S. businessmen have set up 14,000 enterprises in China with a contracted amount of more than \$10 billion. What is spectacular is that, out of 500 big U.S. corporations, more than 80 have kept a foothold in China and have constantly expanded the areas for investment, keeping in view the future economic development in the Asia-Pacific region. Among the countries in the world, the United States is the biggest investor in China. A recent public opinion survey conducted by the authoritative Gallup Poll suggested that in the next 10 years China would remain the most attractive country for U.S. investment of all the countries in the Asia-Pacific region.

The high-ranking officials responsible for trade and economic matters in the two countries made more contacts in 1994 than during the previous four years. While Wu Yi, Chinese minister of foreign trade and economic cooperation, and Vice Premiers Zou Jiahua and Li Lanqing visited the United States; in turn, U.S. Treasury Secretary Lloyd Bentsen and Commerce Secretary Ronald Brown also visited Beijing. Through the mutual visits, the high-ranking officials from both sides increased mutual understanding and signed a significant number of trade and investment contracts.

In 1994, the two sides reached a new agreement on textiles and reopened the meeting of the Sino-U.S. United Economic Committee, whose operations had been suspended for six years. In May this year, the Clinton administration, after weighing all the pros and cons, decided to separate the human rights issue from China's most favored nation [MFN] status and unconditionally "renewed" China's MFN status. In handling the series of important issues mentioned above, the two governments adopted a practical attitude so they could achieve positive results on a mutually beneficial basis. Their efforts were appreciated by the businessmen in the two countries.

There is no denying that many differences still exist in the economic field between the two countries. If the two sides fail to properly tackle the trade deficit problem, it will affect bilateral trade and economic cooperation. This problem lies with the different calculation methods the two sides employ and with the U.S. restrictions on exports of high technology to China. In addition, the problem concerning intellectual property rights and the U.S. attitude toward China's reentry into GATT will also affect the bilateral trade and economic cooperation while the U.S. refusal to grant China permanent MFN status will constitute an undesirable factor affecting the stable development of bilateral trade.

The economies of the two countries are complementary to a great extent and this will create more and more

opportunities for trade and economic cooperation. Some people in international trade circles believe that bilateral trade will make a breakthrough in the next few years. A clear sign is that the United States has defined the products related to environmental protection, energy, transport, financial services, and medical care as the main export items for the future and these items exactly meet the needs of China's current economic development. China has planned to spend 1,000 billion yuan on imports in the run-up to 2000 and the United States will certainly become the principal supplier of the import items.

At present, Sino-U.S. trade has given jobs to 150,000 American people. According to a source, the United States is drawing up an ambitious plan for exporting goods to China. Jeffrey Garten, U.S. under secretary for international trade, predicted that in the near future, China would probably become the United States' biggest trade partner, adding that the United States would also see the China market as the most competitive market in the world. Chinese leaders also pointed out that if the American side did not artificially place obstacles in the way of Sino-U.S. trade and economic cooperation, American businessmen would undoubtedly secure a bigger market share in China.

Article Views U.S. Foreign Policy in 1994

HK2612082194 Beijing RENMIN RIBAO in Chinese
17 Dec 94 p 6

[Dispatch from Washington and New York by staff reporters Xu Shiquan (6079 0013 6898) and Liu Aicheng (0491 1947 2052): "U.S. Diplomacy in 1994"; first paragraph is RENMIN RIBAO introduction]

[FBIS Translated Text] This year, the Clinton administration continued to give priority to domestic affairs. In the meantime, it has paid increasingly great attention to foreign affairs and made some major diplomatic moves. However, due to the development of a multipolar world, U.S. strength and status have declined in relative terms. Whether in international affairs or regional disputes, U.S. "leadership" has obviously weakened when it comes to fulfilling its wishes.

In 1994, the U.S. Government continued to implement a diplomatic strategy based on economic security, military strength, and "promoting democracy." Compared with last year, while continuing to give priority to domestic affairs, President Clinton has paid greater attention to foreign affairs. He made major moves on the issues of Haiti, the Persian Gulf, and the Middle East. Washington has been active in the diplomatic arena, changing the White House's image of lacking a clear foreign policy. However, it is clearly seen from these diplomatic moves that due to the development of a trend of multipolarization in the world, the strength and status of the United States have declined in relative terms. Whether in international affairs or regional disputes, U.S. "leadership" has obviously weakened when it comes to fulfilling its wishes. Its "expansion strategy" has met

numerous challenges. Here, let us review the major U.S. diplomatic moves of the past year.

First, repairing U.S.-European relations. Since the beginning of the year, President Clinton has paid three visits to Europe. The North Atlantic alliance has always been a U.S. diplomatic pillar, but in recent years, following the end of the Cold War, the U.S.-European alliance has weakened. Disagreements between the two sides over such questions as how to ensure the security of Europe, the functions of NATO, and the Bosnia conflict have increased. Besides, as competition has intensified, economic contradictions and trade friction between the United States and Europe are continuously intensifying. Since assuming the presidency, out of consideration for economic interests, President Clinton has attached great importance to the economically dynamic Asia-Pacific region. He has advanced the idea of a "new Pacific community" and has given his European allies the big cold shoulder. In order to repair U.S.-European relations, President Clinton said during his visits to Europe: "The core of our security is still in Europe." The United States has done three things as well. First, it has readjusted NATO's internal relationships and is seeking new goals for the evolution of NATO in the wake of the Cold War. At the NATO summit, in order not to irritate Russia, the United States suggested establishing "a partnership for peace" with former Warsaw Pact members in an attempt to gradually extend NATO's sphere to the East European countries, hence establishing a new European security system led by the United States and with NATO at the core. Second, by commemorating the 50th anniversary of D-Day, the United States reviewed the history of "the United States and Europe united as one and courageously fighting a bloody war" with a view to maintaining security cooperation between the two sides of the Atlantic. Signs show that on the question of European security, the United States is striving to have Europe assume more responsibilities for defense, while maintaining its leadership of NATO, so that it can lighten its own burden. Moreover, it is also paying attention to strengthening traditional U.S.-European economic relations.

Despite this, as some old contradictions on the European continent have once again erupted in the wake of the Cold War, conflicts involving strategic interests between the United States and Europe have also become noticeable. On the Bosnia issue in particular, the United States, out of consideration of its own interests, has always refused to send troops to join UN peacekeeping forces in Bosnia. On the position of dealing with the Bosnian Muslims and Serbs, the United States differs from Britain and France, which are very deeply involved in the Balkans. The recent U.S. withdrawal from the weapons embargo on the Bosnian Muslims has further intensified its contradiction with Britain and France. Some U.S. viewpoints even argue that "the Bosnian war is corroding the Atlantic alliance like a cancer and has exposed differences in strategic interests so fundamental

that it leads to the question of whether Britain and France should be regarded as real U.S. allies...."

Second, attaching great importance to developing economic relations with Asia-Pacific countries. The Asia-Pacific region is the most dynamic region in the world, as well as a huge market. Therefore, while repairing its relations with Europe, the United States has continued to strengthen its economic relations with the Asia-Pacific region this year. Last year, President Clinton presided over an unofficial APEC [Asia-Pacific Economic Cooperation] leaders' meeting in Seattle. This year, he attended the second unofficial APEC meeting in Indonesia and discussed with APEC leaders questions regarding the liberalization of trade and investment in the region, hence promoting U.S. economic relations with the Asia-Pacific countries.

Moreover, the United States readjusted its relations with China this year. On 26 May, President Clinton announced the extension of China's most-favored-nation [MFN] trading status for fiscal year 1994-95 and delinked it from the "human rights question," thus removing a major obstacle to the expansion of economic cooperation between the two sides and to the development of bilateral relations. Contacts between high-ranking officials of the two countries have been more frequent than in previous years. The Sino-American Joint Economic Committee, which stopped meeting for six years, has resumed meetings. The Sino-American Joint Science and Technology Committee, the Eighth Commerce and Trade Joint Committee, and the First Sino-American Joint Committee on the Conversion of Defense Industry to Civilian Use also held meetings. In November, President Jiang Zemin and President Clinton met each other again in Indonesia and discussed the possibility of establishing a new constructive type of relationship, opening up new prospects for the further improvement of relations between the two countries. However, to date, the United States still retains some sanctions on China, which it has imposed since 1989. On the question of China's reentry to the GATT, the United States still insists on unreasonable demands. On the Taiwan issue, the United States still occasionally acts and speaks in violation of the three joint communiques. All of these require the United States to act appropriately on the plane of the overall situation.

Third, while maintaining "partnership," contradictions with Russia have increased. Changes in the political situation of Russia, the successor to the former Soviet Union, and its policy trends are closely bound up with U.S. national security. In recent years, anti-American sentiments have risen in Russia, nationalist forces have surfaced, and most people feel dissatisfied at losing big-power status. Therefore, Russia's diplomatic attitude has toughened since the beginning of the year. It insists on its own views on regional conflicts, such as the Bosnian conflict, insists that it enjoys "special privileges" in the region of the former Soviet Union, opposes

U.S. involvement in the region, and so forth. In order to prevent Russia from going farther and farther, President Clinton paid a visit to Russia earlier this year and invited Yeltsin on a return visit. At the two summits, the United States has repeatedly stressed the need to consolidate and develop a "cooperative partnership" between the two countries. Moreover, they signed joint declarations on economic cooperation and reducing strategic nuclear weapons. However, on the question of economic aid which Russia badly needs, the United States has not satisfied Russia. On the other hand, they differ in opinions, as they have in the past, on the Bosnia issue, the eastward expansion of NATO, and Russia's "security obligations" in the area of the former Soviet Union. It is thought that it is still possible to maintain the U.S.-Russian partnership at the present time but that rifts between them will increasingly widen as Russia's domestic situation changes.

Fourth, continue to get involved in regional conflicts. The United States has always considered itself as the "world cop" and gets involved in regional conflicts everywhere. But as its strength declines, the United States will increasingly use more sanctions and less troops in its involvement in regional conflicts and will continue to make use of multinational troops under the banner of the United Nations. It will both put on a lawful cloak and save financial resources and troops. One can say that this is a new trend for the United States in dealing with regional conflicts.

Haiti is a poor, weak small country in the U.S. "backyard." For the United States, an invasion of Haiti is as easy as turning one's hand over, but due to differences of opinion in Congress and deterred by the lesson of its involvement in Somalia, the White House became indecisive and changed its policy several times. Finally, it achieved an armed invasion of Haiti in the name of the United Nations.

By deploying its troops and threatening to fight, the United States gave a "quick and effective" reaction to Iraq's recent troop deployment on the Iraq-Kuwait border. The United States never attempted to conceal the truth that the oil of the Gulf is vital to its strategic interests. It did not allow Iraq to "close its eyes to U.S. will." But in the recent military operations, as in the Gulf War, a considerable portion of the military expenditures will be shared among the Gulf states.

This year, the United States has continued to use the opportunity for peace in the Middle East to bring Jordan and Israel together to sign a peace accord and to promote peace talks between Syria and Israel. Since Syria and Israel find it difficult to compromise on the crucial question of the Golan Heights, U.S. diplomacy in the Middle East is still being tested.

The fact that the United States got into serious trouble in Somalia and the fact that it has changed its policy on the Bosnia conflict many times and has not yet found a proper course of action reflects a dilemma where it has to

strive for the initiative in resolving regional conflicts while finding it beyond its ability to do so.

Former U.S. Secretary of State Henry Kissinger once said that the United States had discovered for the first time in its history that "it cannot dominate the world nor can it simply withdraw from it." U.S. diplomacy in 1994 showed that the United States is still in this dilemma today. Moreover, it will continue there for a period of time to come.

Correction to U.S. Negotiator Blamed for IPR Talks Collapse

HK2412043094

Beijing CHINA DAILY in English on 24 December carries on page two a correction to the item headlined, "U.S. Negotiator Blamed for IPR Talks Collapse," published in the 23 December CHINA DAILY REPORT, page 9:

Paragraph one, only sentence make read, ...[FBIS Transcribed Text] China yesterday expressed deep regret over the failure of the recent Sino-U.S. talks on intellectual property rights protection caused by top US negotiator Lee Sands who had left the negotiation table without saying good-bye.

An official from the Chinese delegation also expressed indignation at Lee Sands who then blamed China for the breakdown of the talks held in Beijing from December 12 to 15.

Members of the... (replacing first two paragraphs of item with different text).

Central Eurasia

Latvian President Ulmanis Visits Hainan

HK2712103094 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 20 Dec 94

[FBIS Translated Text] On the evening of 20 December, Guntis Ulmanis, president of the Republic of Latvia, and his wife together with their entourage arrived in Haikou by special plane from Beijing in the company of Liu Zhongde, Chinese minister of culture and head of the escort group of the Chinese Government, and began their two-day friendly visit to this province.

The entourage of the Latvian president includes the foreign minister and deputy prime minister (Maldis Dirksis), the minister of education, culture, and science and deputy prime minister, the minister of environment and regional development, the minister of state for forestry, the minister of cooperation, the director of the presidential office, and the director of the general office of the Latvian Government, in total 74 people.

Mao Zhijun, vice governor of Hainan; Lin Kechang, director of a section of the provincial government; Chen Ci, deputy director of the Foreign Affairs Office of the

provincial government; and Zhu Xu, deputy director of the provincial Public Security Department, met the guests at the airport.

Qiao Shi Meets Russian Duma Delegation

OW2312142894 Beijing XINHUA in English 1349 GMT 23 Dec 94

[FBIS Transcribed Text] Beijing, December 23 (XINHUA)—Qiao Shi, chairman of China's National People's Congress (NPC) Standing Committee, met here today with a delegation from the International Affairs Commission of the Russian Duma (parliament).

Qiao and the guests, headed by V.P. Lukin, chairman of the commission, discussed Sino-Russian relations and the situation in their own countries.

The two sides expressed the wish to further develop the friendly relations between the two countries, and the contacts between the two parliaments so as to further increase mutual understanding.

While briefing the visitors on China's domestic situation, Qiao said China's reform, in general, has been successful and has caught the eyes of the world, but some problems still remain.

Some of the problems are being solved and some are still being studied, Qiao said.

But he added, "in the final analysis, the road we have chosen is the correct one."

The NPC chairman stressed that stability is essential for reform, saying that reform and construction can not be carried out without stability.

"We are very concerned about social stability in Russia," Qiao told Lukin.

"You are solving this problem and we hope you can do better," he added.

Lukin said that the political parties within the Duma are in consensus on developing relations with China.

During the meeting Qiao also thanked the Russian parliament for inviting him to visit Russia, saying he would like to visit that country some time.

Earlier today, Zhu Liang, chairman of the Foreign Affairs Committee of the NPC, had talks with the delegation.

Lukin and his party arrived here Thursday at the invitation of the NPC Foreign Affairs Committee. This is the first time Duma's International Affairs Commission has sent a delegation to China.

Further Reportage on Military Action in Chechnya

Security Council To Meet

OW2612105594 Beijing XINHUA in English 1029 GMT 26 Dec 94

[FBIS Transcribed Text] Moscow, December 26 (XINHUA)—Russian President Boris Yeltsin will preside

over an emergency meeting of the country's Security Council in the Kremlin this morning to decide whether to continue military action in Chechnya or resume talks with the breakaway republic.

The meeting, scheduled to start on 11:00 Moscow time (08:00 GMT), will first discuss the proposals worked out by members of the cabinet, Security Council and the president's administration at a conference chaired by Prime Minister Viktor Chernomyrdin on Sunday [25 December].

The meetings were necessitated by the fact that although the Chechen capital Grozny is besieged by Russian troops, the Chechen authorities headed by Dzhokhar Dudayev have not given up armed resistance, television reports here said.

Apart from the proposals of the Sunday meeting, today's meeting will also consider a plan, drawn up by the experts of the president's Analytical Center, for a peaceful settlement of the Chechen issue, Itar-Tass News Agency said.

Deputy Prime Minister Nikolay Yegorov, President Yeltsin's special envoy for settlement in Chechnya, announced at the weekend: "If Dudayev fails to take steps towards disarmament and restoration of constitutional law on the Chechen territory, the federal authorities will undertake an armed action soon to put Grozny under their control," according to the Russian government's Press Service.

Yeltsin Outlines Kremlin Policy

OW2712234994 Beijing XINHUA in English 1759
GMT 27 Dec 94

[FBIS Transcribed Text] Moscow, December 27 (XINHUA)—Russian President Boris Yeltsin today explained why he had sent troops into Chechnya and outlined the Kremlin's policy for dealing with the breakaway North Caucasian republic.

In his 25-minute TV address to the nation this afternoon, the Russian president said that he had ordered a halt to air strikes on Grozny, capital of Chechnya, and that his representatives are ready to resume talks with the rebel Chechen authorities.

Stressing that Chechnya is part of the Russian Federation, Yeltsin urged the "illegal armed groups" under the Chechen authorities to surrender their weapons as soon as possible.

Replying questions as to what is happening in Chechnya and why Russian troops are there, Yeltsin said: "The Russian soldiers are there to defend Russia's unity.

"The Chechen Republic is a component part of the Russian Federation," he noted. "Not a single territory has the right to breakaway from Russia."

Describing the Grozny government headed by President Dzhokhar Dudayev as "illegitimate," he said: "The elections of the Chechen president were held under martial law and only in some parts of the then existing Chechen-Ingush Republic."

The present Chechen leadership was not recognized either by the former legitimate bodies of power of Chechnya or by Russia's federal authorities, or by the world community, he said.

He said that Chechnya has turned into a big bulwark of political extremists and a center of "organized criminal groups" from other countries. For example, in 1994 alone, 120 trains passing via Chechnya had been looted there, he noted.

The extremely complicated situation in Chechnya made it imperative to make the most difficult decision—to use armed force there, he said, adding that Moscow had at first sought a political settlement of the Chechen problem.

But the Chechen authorities are pursuing "different aims," he pointed out.

"The first stage of the settlement of the (Chechen) crisis has been completed. The ring around Grozny is tight. The armed groups have been blockaded," Yeltsin said.

He said that stores of illegal arms and heavy military equipment have been confiscated. Any further actions by the gangs which are still making resistances will be resolutely suppressed, he noted.

A great number of armed people are still in Grozny, and it is not ruled out that their groups will make attempts at breaking through out of the city, the president said.

"In order to preserve people's lives I have given an order to rule out bombing which can result in casualties among Grozny's peaceful inhabitants," he asserted.

A path towards political settlement remains open, he said, adding that a cease-fire and the surrender of arms should be the main subject of possible negotiations, he stressed.

Meanwhile, a watchdog mission has been set up by the Kremlin to monitor the protection of human rights in the process of restoration of constitutional law in Chechnya, Yeltsin said.

The Chechen people need assistance and support at this difficult time, He said, adding that humanitarian aid is already arriving in Chechnya from other regions of the Russian Federation.

He said that another task is to make preparations for elections in Chechnya after the crisis is over, in accordance with the constitution and laws of the Russian Federation.

"We all want one thing—to see life in the Chechen Republic return to a peaceful path as soon as possible," he said.

Dudayev 'Insists On' Russian Withdrawal

OW2712234894 Beijing XINHUA in English 1842
GMT 27 Dec 94

[FBIS Transcribed Text] Moscow, December 27 (XINHUA)—Rebel Chechen President Dzhokhar Dudayev stated today that he opposes the Monday [26 December] decisions of the Russian Security Council and insists on Russian troops' withdrawal from Chechnya.

In an interview with the ITAR-TASS NEWS AGENCY, Dudayev said, "We propose, while there is still time, to immediately withdraw troops from the Chechen territory."

"The Chechen side does not want to shed blood of Russian soldiers," he added.

In his "extremely negative" reaction to the decisions of the Russian Security Council, Dudayev said, "The top Russian political leadership headed by President Yeltsin either deliberately falsifies the events or does not know the real situation."

"The (Russian) military operation failed from the very beginning" and "Russian regular troops are demoralized," said Dudayev, before the Russian president addressed the nation on Chechnya this afternoon.

On Monday, the Russian Security Council stressed the need to continue efforts to disarm and eliminate "illegal armed groups" of Dudayev, create conditions for the restoration of law and order in Chechnya and try to resume talks with the Chechen authorities on a peaceful settlement.

In a TV address to the nation this afternoon, Yeltsin ordered stopping air raids on the Chechen capital Grozny which can result in casualties among civilians, but urged completing the disarmament of Dudayev's forces.

Meanwhile, Dudayev's spokesman Khasim Raduyev hinted that the Chechen president is not going to surrender or flee the North Caucasian republic.

Grozny Situation 'Very Complicated'

OW2812033894 Beijing XINHUA in English 0200
GMT 28 Dec 94

[FBIS Transcribed Text] Moscow, December 27 (XINHUA)—According to official Russian press reports, Russian troops and rebel "illegal armed groups" have been engaged in fierce fighting during the past two days, and the situation in the beleaguered Chechen capital of Grozny is still, to say the least, "very complicated."

The interim Russian government press center said heavy fighting is continuing around Grozny and at least two more Russian soldiers have been killed.

A statement released by the press center said the Russian troops today tightened their encirclement of Grozny from the north, west and east and stepped up their attempts to search out and destroy rebel strongpoints and defensive positions.

The government troops reportedly seized several refugee-loaded buses, which they claimed were to be used as "shields" by the rebel Chechen forces in the city's Square of Liberty, the statement said.

In the western suburbs of Grozny, Russian warplanes bombed a tank and two armored vehicles crewed by a group of Chechen rebels clad in Russian army uniforms, who were attempting to operate in the city disguised as Russian soldiers, the statement said.

The rebel capital's water, power and telecommunications facilities have been cut off and large groups of refugees are continuing to flee from the battered and embattled city, the communique said.

According to the Russian Immigration Bureau, more than 3,000 people were officially registered as refugees on Monday [26 December] alone.

Yeltsin Aide on Political Solution

OW2812040894 Beijing XINHUA in English 0323
GMT 28 Dec 94

[FBIS Transcribed Text] Moscow, December 27 (XINHUA)—Moscow should continue seeking a political solution to the Chechen crisis and get Dzhokhar Dudayev back to the negotiating table, a close aide to Boris Yeltsin said today.

Commenting on Yeltsin's televised address earlier in the day, Emil Paine insisted on a peaceful solution to the Chechen crisis through top-level contacts between Moscow and Grozny.

"Anyone who thinks that a political settlement today is possible without (Chechen leader Dzhokhar) Dudayev is deeply mistaken," Paine told reporters.

Meanwhile, Vladimir Lysenko, a member of the State Duma (lower house of parliament), hinted at a possible confederacy between Chechnya and Russia.

He said, "The possibility of confederative relations between Chechnya and the Center is not the worst variant, but a deserved compromise."

The establishment of a confederacy, however, clearly violates the Russian Constitution, which stipulates the State's federal nature.

Yeltsin said in his address that Moscow is ready to resume talks with Grozny and that a negotiating team headed by Deputy Prime Minister Nikolay Yegorov had been formed.

Yeltsin also ordered Russian troops to end the first stage of their operations in breakaway Chechnya and the bombing of Groznyy.

One of the main tasks of the second stage, Yeltsin said, is the formation of power bodies in the region.

A pro-Moscow government, known as "National Rebirth" and based on a coalition of the Democratic Opposition and the Provisional Council, both enemies of Dudayev, will be established in the north Caucasian republic.

But Yegorov, who represents Yeltsin on Chechnya, has called the disarmament of "illegal gangs" in the rebel republic the priority during the second stage, which is planned to last for 10 days.

In Groznyy, Dudayev still insists that Russian troops be withdrawn from the region, and his supporters have been strengthening the city's defenses by establishing "three defensive lines" inside it.

'Year-End' on Russia's Effort To Regain Influence

OW2412143794 Beijing XINHUA in English 1055
GMT 24 Dec 94

["Yearender: 1994 Sees Russia Strive To Regain Influence"—XINHUA headline]

[FBIS Transcribed Text] Moscow, December 20 (XINHUA)—Having seen its traditional role on the international arena decline for the past two years, Russia tried to revive its great power influence in the world affairs in 1994.

Since the end of 1991 when the Soviet Union broke up, Russia has followed, for a time, the West in dealing with world issues.

But the Russians soon found out that their political influence in the world has been weakened and their nation, the major successor of the powerful Soviet Union, has been treated by the West as a "smaller partner."

At the beginning of this year, President Boris Yeltsin urged the Russian Government to make foreign policy serve the nation's interests and reflect the great power status of Russia in the world.

Following the call, the Russian Foreign Ministry immediately worked out a new foreign policy giving top priority to relations with former Soviet republics, which traditionally have close ties with Russia and provide a natural defense for it.

In the past few months, Russia has urged the acceleration of the process of integration of the Commonwealth of Independent States (CIS) and quickened its steps to create an economic union and a collective security system within the CIS.

Seeing the former Soviet republics as zones of its "peculiar interests and peculiar responsibility," Moscow has sent Russian troops to all the "hot spots" in the other CIS nations, thus maintained its military influence in these foreign countries nearby.

Observers noted that Russia wants to gain official recognition for its de facto role as the peacekeeper in the former Soviet republics.

In Russia's relations with the Western nations, Yeltsin has drawn up a new policy of neither begging for economic aid from the West nor acting at its beck and call in dealing with world affairs, but seeking cooperation with it on an equal footing.

While trying to become "an equal partner" in bilateral relations with the West, Russia has made tenacious efforts to share equal rights with the Western powers to speak on international issues.

During the Moscow summit in January, Yeltsin and U.S. President Bill Clinton announced that the two countries had established "ripe strategic-partner relations."

In June, Russia signed an accord with the North Atlantic Treaty Organization (NATO) on a "partnership for peace" plan, and a protocol on partnership cooperation with the European Union (EU).

A month later, Yeltsin attended the G-7 (Group of Seven industrialized nations) summit in Naples, Italy, making the first step toward enlarging the G-7 to G-8.

At the summit meeting of the Conference for Security and Cooperation in Europe (CSCE) in Budapest in December, Yeltsin called for transforming CSCE into a primary post-Cold War security organization in Europe, thus giving Russia the possibility to clip NATO's wings, which it had failed to achieve through the partnership for peace program.

With two-thirds of its territory in Asia, Russia intends to promote its relations with the Asian-Pacific countries and use them as a card in dealing with the West.

Thus, Moscow has stepped up its diplomatic drive this year to expand ties with the nations in the Asian-Pacific region, which boasts a swiftly developing economy and huge market.

Yeltsin, together with Chinese President Jiang Zemin, who came to Moscow for a visit in September, outlined the future of Russian-Chinese relations of friendship and cooperation, with the 21st century in view.

At the same time, Russia's First Deputy Prime Minister Oleg Soskovets visited Tokyo in November, when he signed a package of documents on expanding economic cooperation between Russia and Japan, tactically evading the longstanding territorial issue.

Meanwhile, Moscow has developed relations with other Asian-Pacific countries including India, Vietnam and Australia through high-level contacts.

As a co-sponsor of the peace talks between Israel and Arab countries, Russia also hopes to return to the Middle East arena, where the United States wields great influence.

Russian Foreign Minister Andrey Kozyrev and other senior Russian envoys paid frequent visits to the region this year, with the aim of regaining Russia's traditional influence there.

In October when another crisis erupted in the Gulf following the Iraqi military buildup close to its border with Kuwait and the U.S. military presence in the Gulf, Moscow successfully persuaded Iraq to recognize Kuwait's border and sovereignty while urging the international community to lift the embargo on Iraq. As a result, the tension in the region was defused.

In another effort, Russian Prime Minister Viktor Chernomyrdin visited Saudi Arabia, Kuwait, the United Arab Emirates and Oman in November, reinforcing Russia's bilateral trade-economic ties and arms deals and mending ties with the Gulf countries in all sectors.

As Russia is moving toward the goal of returning to its traditional great power status, the rift between the largest CIS state and the West tends to be widening. The two sides have been locked in an endless quarrel for the whole year over NATO's expansion to the East and the Bosnian settlement.

Upstaging a 52-nation CSCE summit in Budapest, Yeltsin warned that if NATO attempted to expand into Eastern Europe "at the invitation" of countries such as Poland, Hungary and the Czech Republic, Russia would instigate a new "cold peace"—read, Cold War—in Europe.

Criticizing the United States and its allies for attempting to "poke their nose" into CIS countries—Russia's "sphere of influence," Yeltsin said, "Russia's interests must be considered."

Russia has bagged some fruits from its efforts for regaining its lost influence in the world although political instability and economic crisis at home prevented it from moving at a faster pace. But it is expected to work against time in the coming years to realize the goal.

'Year-Enders' Views Russian Diplomacy in 1994

OW2612125794 Beijing XINHUA Domestic Service in Chinese 0629 GMT 20 Dec 94

["Year-enders" by XINHUA reporter Huang Huizhu (7806 1979 3796): "A Year of Readjustment for Russia's Diplomatic Strategy"]

[FBIS Translated Text] Moscow, 20 Dec (XINHUA)—The year 1994 was a year of important readjustments for Russia's diplomatic strategy. To regain Russia's great-power status, Moscow took a series of striking diplomatic steps in a wide range of areas, from war-torn

Bosnia-Herzegovina and the volatile Gulf region to the UN forum and the CSCE summit.

For a time after the Soviet Union's collapse, Russia pursued a "lopsided" pro-Western foreign policy. Nevertheless, Western countries led by the United States belittled or ignored Russia's views in dealing with major international issues of interest to Russia, relegating the latter to the status of a "junior partner." All this stirred up strong discontent in Russian society. The victory of the Liberal Democratic Party, an advocate of the resumption of great-power status, in the December 1993 parliamentary elections was a conspicuous embodiment of such social sentiment. Against this backdrop, President Yeltsin proposed early this year that Russia's "diplomatic thinking should always conform to the highest standards commensurate with Russia's great-power status," and that "the flawed practice of making unilateral concessions should be stopped in 1994."

In its foreign policy, Moscow has given "top priority" to deepening relations with its "near abroad"—that is, the republics of the former Soviet Union. These newly independent countries are traditionally closely linked to Russia, for whom they provide a natural defense, and with whom they show great mutual dependence in the economic arena. There are more than 25 million Russian-speaking people living there. This year Russia has explicitly designated these regions as "zones of peculiar interest and responsibility," has actively promoted the process of integrating CIS states under its leadership, has established a "supranational body" in the form of a transnational CIS Economic Union, and has maintained and expanded its military role and influence in these regions on the basis of the collective security treaty and interstate agreements.

According to President Yeltsin's policy of "two no's and one yes" (not begging for economic aid, not acting at the West's beck and call, and seeking cooperation on an equal footing), Russia has sought equal rights with the United States and other major Western powers in international affairs while striving to become their "equal partner" in bilateral relations. Yeltsin participated in international talks on political issues of the leaders of the seven Western countries for the first time in July, thus taking the first step toward turning the G-7 into the G-8. He also attended the CSCE summit meeting in December, in which he sought (?participation) in European affairs on an equal footing with Western nations through the transformation of the CSCE.

The expansion of diplomatic activity in the Asia-Pacific region is another feature of Russia's foreign policy this year. Because two-thirds of Russian territory lies within Asia, the effort to strengthen relations with countries in this region is not only vitally important to Russia's economic development but is also conducive to shoring up Russia's position in dealings with Western countries. Russia's diplomatic activity in the Asia-Pacific region has been very brisk this year. PRC President Jiang

Zemin visited Russia by invitation in September; he and President Yeltsin outlined the future of Sino-Russian friendly relations and cooperation in the 21st century. Oleg Soskovets, Russian first deputy prime minister, who visited Japan in November, sought to expand economic cooperation and trade by eschewing the territorial dispute that is the thorny issue in bilateral relations. Russia also has devoted great efforts to strengthening political and economic relations with the ROK and the DPRK, and it has tried to help solve the nuclear issue on the Korean peninsula. Meanwhile, Russia's relations with India, Vietnam, and other countries have developed through high-level contacts.

This year has seen Russia's return to the Middle East arena. To change the U.S.-dictated situation of recent years in Middle East affairs, Foreign Minister Kozyrev and other senior Russian officials shuttled back and forth to the region in an attempt to regain and expand Russia's traditional influence in the region. When U.S. troops were deployed to the Gulf in October in preparation for war immediately after Iraq's military buildup along its border with Kuwait, a military conflict was averted as Kozyrev personally traveled to Baghdad to persuade Iraq to formally recognize Kuwait's sovereignty and border. Prime Minister Chernomyrdin's visits to Saudi Arabia, Kuwait, the United Arab Emirates, and Oman in November reinforced Russia's economic cooperation and trade with those countries while mending Russia's relations with Gulf states in all fields.

As Russia pursues a foreign policy aimed at regaining its great-power status, its conflict with the United States and its allies in international affairs has deepened. The war of words between Yeltsin and Clinton during the CSCE summit meeting in Budapest fully attested to this point. Calling NATO the "keystone" of European security, Clinton decided to accelerate NATO's eastward expansion so that its "scope of responsibility" would extend right up to the border with Russia. Yeltsin, who called for thoroughly reorganizing the CSCE into a pan-European security system, issued a warning against dividing Europe anew into two major blocs through the hasty expansion of NATO. On the Bosnian issue, the United States has openly shielded the Muslims, in unilaterally lifting the arms embargo against them. Russia, for its part, has protected its traditional interests in the region through its support for the Serbs. The West has also actively interfered in the former Soviet Union's affairs in an attempt to shatter Russia's reign there.

A review of this year's events shows that Russia has achieved some results in its diplomatic efforts to regain its great-power status. Because of Russia's political instability and economic crisis, however, Moscow appears to be falling short of its goals in pursuing a new diplomatic strategy. Russia is now attempting to increase its overall strength through reform, with a view to playing an even greater role in the post-Cold War multipolar world.

Northeast Asia

Japan's Murayama Stresses Friendship With Beijing

OW2612015194 Beijing China Radio International in Japanese 0936 GMT 23 Dec 94

[FBIS Translated Text] Japan's Prime Minister Tomichi Murayama has stressed that maintaining favorable relations with China is one of the major objectives of Japan's diplomatic policy. According to a dispatch from the Tokyo Bureau of China Radio International, Prime Minister Murayama released a New Year's message in the 1 January edition of NIPPON TO CHUGOKU [JAPAN AND CHINA], the organ of the Japan-China Friendship Association.

In the message, Prime Minister Murayama said: To further enrich the efforts of previous administrations to promote ties with China, I would like to try my best to pursue such policy goals as the promotion of mature and future-oriented bilateral relations, positively linking the two nations' international efforts to settle global problems, and political and economic assistance to help China's open-door and reform policy. Maintaining favorable relations with China is one of the major objectives of Japan's diplomatic policy. Japan will further promote friendship with China through such measures as a new friendship and exchange program, which will take effect in 1995 and marks the 50th anniversary of the end of World War II.

Referring to trade and private-sector exchange with China, the prime minister said: Economic exchanges are rapidly expanding between the two nations, and the total value of Japan-China trade in 1994 hit a record high of more than \$40 billion. Moreover, the private sector is positively promoting cultural and educational exchanges, and local governments and youth associations are also themselves engaged in bilateral exchanges in various fields.

In conclusion, Prime Minister Murayama noted that a steady effort toward mutual understanding at the grass-roots level was the most important factor in establishing future-oriented friendship between Japan and China.

Document on Beijing's 'Cautious' Stance Toward Japan

OW2412091294 Tokyo KYODO in English 0813 GMT 24 Dec 94

[FBIS Transcribed Text] Beijing, Dec. 24 KYODO—A recent internal document circulating among high-level leaders in China's Communist Party has linked increasing Japanese ambitions for superpower status with Japan's foreign policy toward Taiwan.

The document, written by a member of an influential think tank on Japanese relations, maintained that it is in Japan's interests as a rising power to keep Taiwan and

the mainland divided, and that reunification of the two will only lead to a stronger mainland.

Japan's growing ambitions are, therefore, behind recent overtures by the Japanese Government to upgrade relations with Taiwan and formed the basis of Taiwan's Deputy Premier Hsu Li-te's visit to Japan in October. It said.

The document, made available to KYODO news service, told Chinese leaders to remain on alert over Japan's changing foreign policy and warned that increasing negotiations with Tokyo might merely be a smoke-screen aimed at weakening China's influence over Japan.

It analyzed the recent changes in Japan's political structure and often referred to Ichiro Ozawa, a powerful figure in the newly inaugurated opposition party Shinshinto (New Frontier Party) as the influential head of the right-wing pro-Taiwan faction in Japan's political world.

Ozawa's remarks welcoming Taiwan President Li Teng-hui to visit Japan were seen as evidence that increased high-level contact with Taiwan is a Japanese Government policy, which was eventually responsible for Hsu's visit during the recent Hiroshima Asian Games, it said.

The document further mapped the recent rise of Japan's political right and predicted that as the right grows so will the pro-Taiwan faction. It said such a situation will only lead to increasingly serious diplomatic conflicts between Japan and China.

Japan is divided by two opposing political ideas on Chinese relations, it said. One is to develop its interests in China's quickly growing market, while the other is to prevent China from becoming a superpower in Asia.

Maintaining the gulf between Taiwan and the mainland can act as a safeguard to Japan's present political and economic interests, while acting as a restraint on China as well, it said.

Chinese diplomatic sources downplayed the cautious attitude toward Japanese relations, however, saying China has always been concerned with Japan-Taiwan relations since Japan's 50-year period of colonial rule over the island territory ended in 1945.

The paper, however, made it clear that if Japan is to enjoy wider international influence, it will need China's support, while China will always be a major obstacle to any Japanese attempt to become a hegemonist power in Asia.

Two Air Routes Linking Liaoning, Seoul Open

OW2812034294 Beijing XINHUA in English 0117
GMT 28 Dec 94

[FBIS Transcribed Text] Shenyang, December 28 (XINHUA)—China Northern Airlines will open two new international air routes, respectively from this capital of Northeast China's Liaoning Province and Dalian, also in

Liaoning, to Seoul, capital of the Republic of Korea (ROK) today and December 30.

A spokesman for the company told a press conference here that the routes are scheduled in accordance with an aviation agreement between China and the ROK.

For the routes, 147-seat MD-82 airplanes will be used, except in the summer, when 278-seat A300-600s will be used.

From January 14 next year, there will be two flights a week for both routes. But the spokesman said that finally there will be three weekly flights between Shenyang and Seoul, and four flights between Dalian and Seoul.

The two routes are expected to promote the economic and cultural co-operation and exchanges between the ROK and northeast China, where more than 1.9 million people of ethnic Koreans, or over 80 percent of the country's total, live. Besides, the ROK has funded 910 enterprises in Liaoning Province, involving 930 million U.S. dollars in investment.

China Northern Airlines, one of the six air companies under the Civil Aviation Administration of China, has an annual turnover of some four million passengers, 14 percent of whom are international travelers. Now it has eight international air routes.

ROK's Asiana Airlines Opens Shanghai Route

OW2312143094 Beijing XINHUA in English 1413
GMT 23 Dec 94

[FBIS Transcribed Text] Shanghai, December 23 (XINHUA)—Asiana Airlines of the Republic of Korea opened its Seoul-Shanghai route yesterday.

The airline will operate two flights a day every weekday except Tuesday. Boeing 767-300 jumbo jets will be used for flights on Thursdays, Saturdays and Sundays, and Boeing 747-400s on Mondays, Wednesdays and Fridays.

Take-off time for the first flight will be 8:30 from Seoul and the arrival time in Shanghai will be 10:10. The return flight will leave Shanghai at 11:50 and arrive in Seoul at 13:20.

This is the second airline of the Republic of Korea to fly to Shanghai. The first is Korea Airlines.

Seoul-Dalian Air Route To Open 30 Dec

OW2312132594 Beijing XINHUA in English 1306
GMT 23 Dec 94

[FBIS Transcribed Text] Dalian, December 23 (XINHUA)—An air route linking the coastal city of Dalian with Seoul, capital of the Republic of Korea (ROK), is scheduled to open December 30, the Northern Airline Company announced here today.

The opening of the new air route is aimed at promoting economic co-operation and personnel exchanges

between Northeast China and South Korea, an airline spokesman said at today's press briefing.

Flights will be on Fridays until January 16, when Monday flights will be added. Two extra flights will operate around the Spring Festival period.

Dalian is the second-biggest absorber of investment from ROK. Some 256 Korean-funded ventures and 59 trade organs have been established there.

About 80 percent of the people of Korean nationality in China live in the northeastern part of the country. Many of them have relatives in South Korea.

Eastern Airlines Starts Shanghai-Pusan Route

OW2612090794 Beijing XINHUA in English 0710 GMT 26 Dec 94

[FBIS Transcribed Text] Shanghai, December 26 (XINHUA)—China Eastern Airlines, one of China's six major national airlines, has recently started a new air route to Pusan, the Republic of Korea (ROK), the second such route following its Shanghai-Seoul route.

The new air route, initiated after a successful maiden flight on Sunday [25 December], covers 918 kilometers in flight distance and takes an hour and ten minutes one way.

The air route will help enhance contacts between Shanghai and Pusan and promote the opening-up drive in China's largest industrial city, experts said.

ROK Funds Development Zone in Weihai

OW2712124694 Beijing XINHUA in English 0746 GMT 27 Dec 94

[FBIS Transcribed Text] Weihai, December 27 (XINHUA)—Weihai, a port city on the Jiaodong Peninsula in east China, is cooperating the Republic of Korea on the development of an economic and technological development zone.

The zone covers an area of one sq km in Wendong county. A total of 19 enterprises from ROK are expected to open joint-venture businesses in the zone.

Since the zone was inaugurated on December 15, the first business has come to the zone to build a motor vehicle plant with an investment of 29.8 million U.S. dollars.

Work on the project is to start in January 1995 and become operational one year later. It is expected to produce 100,000 motor vehicles upon the completion of its first phase. The annual output will rise to 500,000 after the third phase is completed.

Southeast Asia & Pacific

'Year-End' Views ASEAN's Progress in 1994

OW2612153694 Beijing XINHUA Domestic Service in Chinese 0425 GMT 18 Dec 94

["Year-end" by XINHUA reporters Xu Yuenai (6079 6885 0035) and Huang Haimin (7806 3189 2404): "A Year in Which ASEAN Has Achieved Major Breakthroughs"]

[FBIS Translated Text] Beijing 18 Dec (XINHUA)—This year is a year in which ASEAN has achieved major breakthroughs. There have been new changes in the role, character, scope, and level of cooperation of the regional organization this year. The organization has also made new progress in economic and security cooperation.

The 27th annual meeting of the ASEAN foreign ministers in Bangkok announced the formation of an ASEAN forum, and the first meeting of the forum was held in July of this year. This was an important step by ASEAN in terms of progress in regional security cooperation. ASEAN countries realized that after the end of the Cold War, there are still some unstable factors in the region. Therefore, reaffirming their position and strengthening consultations in regional security cooperation amid a changing international situation and a new regional pattern have become a precondition for ASEAN countries to maintain rapid economic development. The formation of the ASEAN regional forum shows that ASEAN hopes to make progress in establishing trust [jian li xin ren—1696 4539 0207 0117] in the Asia-Pacific region and in implementing a defensive diplomacy [fang wu xing wai jiao—7089 0523 1840 1120 0074]. Besides, it also shows that ASEAN wants to expand its consultative relations with countries outside the region while strengthening its internal coordination.

The first meeting of the ASEAN regional forum was a meeting at the highest level to extensively discuss matters on how to maintain security in the Asia-Pacific region. It provided a new venue for discussing regional security between countries of the Asia-Pacific region after the Cold War. The formation of the ASEAN regional forum will have an important influence on regional peace, stability, and cooperation and on ASEAN's future development.

This year's ASEAN foreign ministers meeting also decided to expand the organization and establish a community of the "10 ASEAN countries" to face the needs of the 21st century. The expansion is ASEAN's reaction to the new world pattern and the changeable regional situation, as well as the common need of ASEAN countries to promote economic development. ASEAN will accelerate its internal cooperation and develop economic cooperation and trade with Indo-Chinese countries and Burma to promote regional economic development and realize common regional prosperity.

The idea of establishing a community of the "10 ASEAN countries" was put forward at the informal meeting early this year in Manila attended by the officials concerned of the six ASEAN countries, three Indo-Chinese countries, and Burma. The intention is to establish and strengthen cooperation between the countries of Southeast Asia in the economic, political, security, and cultural fields. As a concrete step in realizing this proposition, this year's annual meeting of ASEAN foreign ministers agreed in principle to accept Vietnam as an ASEAN member.

This year, ASEAN countries also reached a common understanding on expanding and accelerating the establishment of an ASEAN free trade area. Under the situation of the establishment of a single European market and NAFTA, and the conclusion of the Uruguay Round of trade talks, this year's 26th ASEAN economic ministers meeting unanimously agreed to accelerate the establishment of a free trade zone. The original timetable of 15 years will be reduced to 10 years, to result in the establishment of an ASEAN free trade zone in 2003. ASEAN is striving to increase its level of cooperation and mutual economic dependence through the establishment of a free trade zone to boost the overall strength and attractiveness of ASEAN and to increase its overall influence.

This year, ASEAN countries have accelerated the pace of the development of the "growing triangle zone." The annual economic growth of ASEAN countries (with the exception of the Philippines) has been maintained at about 7 percent in recent years, thus occupying a leading position in the world. ASEAN countries have been utilizing the natural resources of the region and the advantage of complementary triangular economic relations to speed up their development. This fully shows that the level of economic cooperation within the ASEAN region is being raised constantly. At present, a "southern growing triangle" in areas close to Singapore, Indonesia, and Malaysia is taking shape. While speeding up the building of the "southern growing triangle," ASEAN is stepping up its planning for the building of a "northern growing triangle" in areas including northern Malaysia, northeast Indonesia, and southern Thailand and an "eastern growing triangle" in areas including the southern Philippines, eastern Malaysia, Brunei, and central Indonesia. This new form of regional economic cooperation, which can exploit regional advantages with less cost and risk and fast results, will add new vitality to ASEAN's sustained economic development.

In the face of the increasing changes in international political and economic patterns, ASEAN countries have realized that in order to develop further, ASEAN must strive to expand markets outside the region while strengthening internal coordination and raising its level of cooperation. In this way, it can continuously reduce its gap with the economically developed countries. A peaceful, stable, and prosperous ASEAN will play an even greater role in the international political and economic arena in the 21 century.

'Year-End' Views Asia's Rapid Economic Growth

OW2612134294 Beijing XINHUA in English 1311
GMT 26 Dec 94

["Year-ender" by Xiong Changyi: "Asia Keeps Dynamic Economic Growth"]

[FBIS Transcribed Text] Manila, December 26 (XINHUA)—While Western countries reach the bottom line of recession, Asia is experiencing continued dynamic economic growth due to surging intra-regional trade and foreign capital inflows.

The Manila-based Asian Development Bank predicts that the average economic growth for the region will stand at 7.8 percent in 1994 as against the 7.5 percent in 1993.

This figure is well beyond the 2.8 percent growth projected for the 25 countries of the Organization for Economic Cooperation and Development (OECD) in 1994.

For the next year, Asia's economy will grow 7.3 percent while that of the OECD countries will only inch up three percent.

Economic growth in China, Asia's locomotive, is expected to reach 11.5 percent in 1994 and will slow down to nine percent next year.

The region's newly industrializing economies are projected to achieve a growth rate of 7.1 percent in 1994 and 6.9 percent in 1995.

In Southeast Asia, the growth is projected to increase to 7.3 percent in 1994 and 7.7 percent in 1995.

South Asian countries' average growth rate is expected to reach 4.8 percent in 1994 and 5.6 percent in 1995.

Analysts say that Asia's dynamic economic expansion benefits from the improved trading atmosphere due to the completion of the Uruguay Round, global recovery and surge of intra-regional trade, which has risen from 30 percent of the total trade in 1986 to over 40 percent by 1994.

Export demand from the OECD countries and Japanese yen's sharp rise, which made Asia's exports more competitive on the international scene, also contribute to Asia's continued economic growth.

Furthermore, the region's economic performance is due to the improved macro-economic environment and structural reforms as well as the effective solution of some worst infrastructural bottlenecks.

Take the Philippines for example. Solution of the serious power shortage helps its economy grow 5.5 percent this year as against the 2.3 percent in 1993.

Another factor for boosting the economic performance is the increased investments due to inflow of direct investment and portfolio capital.

Net capital flows to developing countries jumped from under 10 billion U.S. dollars a year in 1983-89 to almost 100 billion U.S. dollars a year in 1990-93, and most of them went to Asia.

Meanwhile, Asia's strong growth is also due to the region's higher savings rates, which allow countries to finance domestic investment in education, infrastructure and the like.

However, analysts indicate that the region's export expansion may suffer from relative loss of competitiveness due to infrastructure bottlenecks, rising wages, scarcity of skilled manpower and upward pressure on currency.

Future sustainability of export growth will depend to a great extent on high value-added products instead of labor-intensity products, they add.

While the surge of capital inflows allows the region more options in financing its development needs, it may affect the macro-economic stability in some countries.

These risks include excessive accumulation of international reserves leading to inflationary pressure, deterioration of the current account and appreciation of the real exchange rates.

In view of some countries' experiences, Dr. Cielito Habito, Philippine Social-Economic Planning Secretary, says that fiscal restraints and continued structural reforms, particularly trade liberalization, provide the durable solutions to the short-run problems that tend to arise with such capital inflow surges.

Li Peng Holds Talks With Burma's Than Shwe

Urges Trade, Cooperation

OW2712162994 Beijing XINHUA in English 1529
GMT 27 Dec 94

[FBIS Transcribed Text] Yangon [Rangoon], December 27 (XINHUA)—Visiting Chinese Premier Li Peng said here today that China is willing to promote trade and economic cooperation with Myanmar [Burma] on the basis of equality and mutual benefit.

During formal talks held today at the parliament building with Than Shwe, chairman of the Myanmar State Law and Order Restoration Council (SLORC) and prime minister, the Chinese premier said the time-tested traditional good-neighborly relationship between China and Myanmar is developing steadily and has broad prospects.

Li Peng noted that Sino-Myanmar border trade has been very active in recent years, adding that it could be further developed after making necessary adjustments.

He said the Chinese government will encourage Chinese companies and enterprises to enter into bilateral exchanges and cooperation in various forms. Enterprises should constitute the main focus of cooperation between the two countries, Li added.

Li pointed out that China and Myanmar share a border that is over 2,000 kilometers long, and expressed the hope that this common border would always be a peaceful, stable and friendly one.

During the talks, Than Shwe spoke highly of the significance of Li Peng's visit, and said that the frequent exchange of visits between the leaders of the two countries would promote the continuing development of friendly relations.

Than Shwe expressed his satisfaction with the sustained development of friendly cooperation between the two countries. He said he believed that the friendly and cooperative relations conform not only to the interests of the two peoples but also to the peace, stability and development of the region.

The Myanmar leader said that China, Myanmar and India were the three initiators in formulating the Five Principles of Peaceful Co-existence and that over the past four decades these principles have provided the basic norms in guiding international relations.

Li Peng and Than Shwe also discussed such matters as controlling drug trafficking and drug abuse, and expressed their willingness to cooperate closely with the relevant international organizations to finally solve the drug problem.

The two leaders also briefed each other on the domestic situation and economic development and achievements in their own countries.

Among the members of Li Peng's entourage present at the talks were State Councillor Li Guixian, Minister of Communication Huang Zhendong, and Vice Foreign Minister Tang Jiaxuan. Myanmar SLORC Vice-Chairman Maung Aye and other high-ranking Myanmar officials were also present at the talks.

CHINA DAILY Reports Meeting

HK2812064294 Beijing CHINA DAILY in English 28
Dec 94 p 1

[By Sun Shangwu: "Li Hails Sino-Myanmar Ties"]

[FBIS Transcribed Text] Yangon, Myanmar—Premier Li Peng said yesterday China is willing to develop economic and trade co-operation with Myanmar [Burma] on the basis of equality and mutual benefit.

The Premier said the Chinese Government will actively encourage Chinese corporations and enterprises to launch many deals with their counterparts in Myanmar.

"Enterprises should be the main force of business co-operation," Li was quoted as saying by a Foreign Ministry spokesman.

Li made these remarks during a two-hour meeting with Than Shwe, Prime Minister and Chairman of the State Law and Order Restoration Council.

Li said border trade between the two countries has been active and China is willing to further develop it under the premise that both sides take necessary measures to keep it in order.

On narcotics control, Li said China consistently tries to combat drug use and trafficking. And State authorities are now tightening enforcement in this field.

China appreciates the policy and actions of Myanmar in recent years to fight drug dealing.

China will closely co-operate with Myanmar and the United Nations to curb drug trafficking.

Than Shwe said his government also wants to see an end to this issue, which has been left over from history. He said Myanmar profoundly understands the disaster caused by drugs.

He said his government will solve this issue by combining drug fighting with developing the economy of poor northern mountainous areas and by carrying out comprehensive co-operation with the international community.

On global issues, Li noted that peace did not come with the end of the Cold War—the gap between the North and the South is widening. The situation in many developing countries is worsening, and the resulting starvation and poverty have triggered social unrest.

Li said China and Myanmar share a border of more than 2,000 kilometres and he hopes the border can forever be a peaceful, stable and friendly one.

On foreign policy, Li said that China is now concentrating on economic development and has adopted an independent policy of peace.

China hopes to have a long-term, peaceful external environment, especially stable relations with neighbouring nations.

Li Says Trip 'Successful'

OW2812091294 Beijing XINHUA in English 0859
GMT 28 Dec 94

[FBIS Transcribed Text] Yangon [Rangoon], December 28 (XINHUA)—The visiting Chinese Premier Li Peng said here today that his official goodwill visit to Myanmar [Burma] was very successful.

Li told a press conference before leaving Yangon for home that his visit has achieved the goal of promoting mutual understanding, friendship and cooperation between the two countries.

Li said that during his visit, he held talks with Senior General Than Shwe, chairman of Myanmar State Law and Order Restoration Council (SLORC) and prime minister, on bilateral relations, regional and international issues and other matters of mutual interest.

At the press conference, Li also talked about trade and economic cooperation between the two countries and other bilateral issues.

Premier Li, accompanied by his wife and a number of senior Chinese officials, arrived here Monday for a goodwill official visit at the invitation of Chairman Than Shwe.

Li Departs From Burma

OW2812121094 Beijing XINHUA in English 1200
GMT 28 Dec 94

[FBIS Transcribed Text] Yangon [Rangoon], December 28 (XINHUA)—Chinese Premier Li Peng and his wife left here today for home after concluding a three-day official goodwill visit to Myanmar [Burma].

They were seen off at the airport by Senior General Than Shwe, chairman of Myanmar's State Law and Order Restoration Council (SLORC) and prime minister and his wife, SLORC Vice Chairman General Maung Aye and other Myanmar leaders.

A joint communique issued at the end of Li's visit said the warm welcome accorded by the government and people of Myanmar to the Chinese premier reflects the traditional bonds of "pauk phaw" (kinsfolk) friendship between the two countries and peoples.

The communique said the leaders of the two countries agreed that Li's visit would give a fresh impetus to the good-neighbourly and cooperative relations between the two countries and have a positive influence over peace, stability and development in the region.

Li Peng Arrives in Beijing

OW2812113294 Beijing XINHUA in English 1116
GMT 28 Dec 94

[FBIS Transcribed Text] Beijing, December 28 (XINHUA)—Chinese Premier Li Peng and his wife Zhu Lin returned here today, after concluding a three-day official goodwill visit to the Union of Myanmar [Burma].

Chinese vice-premiers Zhu Rongji, Zou Jiahua, Qian Qichen and Li Lanqing, and Vice-Chairman of the Standing Committee of the National People's Congress Pagbalha Geleg Namgyai greeted Li Peng and his party at the Great Hall of the People.

U Khin Maung, charge d'affaires ad interim of the Myanmar Embassy in Beijing, was also present on the occasion.

Li's entourage, including State Councillor Li Guixian, Minister of Communications Huang Zhendong, Yunnan

Provincial Governor He Zhiqiang and Vice-Foreign Minister Tang Jiaxuan, came back by the same plane.

Burmese Reports on Visits

OW2612031494 Beijing XINHUA in English 0303
GMT 26 Dec 94

[FBIS Transcribed Text] Yangon [Rangoon], December 26 (XINHUA)—Myanmar [Burmese] newspapers today carried editorials welcoming Chinese Premier Li Peng's visit to this country from December 26 to 28.

English language newspaper "The New Light of Myanmar" said in its editorial that Li Peng's visit underscores the strengthening of "paukphaw" friendship and good-neighboring relations between the two countries.

The editorial recalled that "The Union of Myanmar was among the first to recognize the People's Republic of China soon after its founding and a persistent advocate of the universality of United Nations membership in general and the admission of the People's Republic of China in particular."

"Myanmar-China friendship is centuries-old and has been strengthened further with each passing generation," the editorial said.

"Myanmar and China strictly adhere to the five principles of peaceful coexistence, the kind of exemplary principles other nations have also learned to espouse and never to ignore," it said.

"Expansion of bilateral trade, extension of existing commercial ties and enhancing of mutually beneficial cooperation are among the achievements chalked up by both countries in the recent past, and there remains much more to be done," the editorial commented.

'Year-ender' Views Foreign Investment in Indonesia

OW2612144894 Beijing XINHUA in English 1423
GMT 26 Dec 94

["Year-ender" by Zhao Xinkao, Liu Ruiping: "Indonesia Lures More Foreign Investment"]

[FBIS Transcribed Text] Jakarta, December 26 (XINHUA)—Foreign investments approved by the Indonesian government this year increased 192.6 percent to a record high of 23.7 billion U.S. dollars since 1967 when the Foreign Investment Law was promulgated.

The latest data issued by the Indonesian National Investment Coordinating Board show that as of December 15, foreign investments approved this year are committed for the establishment of 449 projects, increasing 36.5 percent over 1993's 329 projects. The volume of foreign investments increased 192.6 percent to 23.7 billion U.S. dollars as against a mere 8.1 billion last year.

The realization of foreign investment projects in 1994 increased 35.6 percent from 1993's 135 to this year's

183. This year's realization of foreign investment commitments, which received government approvals in previous years, increased 141.4 percent to 7 billion U.S. dollars from last year's 2.9 billion, again the highest record since 1967.

Foreign investments in 1993 concentrated on electricity, followed by chemical and metal industries. But this year they shifted to chemical industry, followed by paper industry and electricity.

The first choice of foreign investments is Java Island with rapid economic development and better infrastructure. Out of the 23.7 billion U.S. dollars of foreign investments, 13.4 billion went to Java Island with the majority in Jakarta and nearby West Java areas. Main investment areas outside Java Island are Southern Sumantra and Riau islands near Singapore.

Hong Kong emerged as this year's largest foreign investor in Indonesia, with investment commitments totaling 6.04 billion U.S. dollars in 36 projects, followed by Britain with 2.95 billion in 15 projects, Taiwan with 2.48 billion in 48 projects, South Korea with 1.88 billion in 35 projects, and Japan with 1.53 billion in 75 projects.

However, in terms of cumulative investments totaling 90 billion U.S. dollars since 1967, Japan remains on top with total approved investments of 18.62 billion U.S. dollars, followed by Hong Kong with 14.14 billion, Britain with 9.7 billion, the United States with 8.7 billion, Singapore with 7.2 billion, Taiwan with 6.9 billion and South Korea with 5.5 billion.

The rapid increase in foreign investments this year cannot be separated from the gradual recovery of the world economy. Foreign trade surplus in Western European countries, Japan and newly-emerging industrialized countries and areas, as well as economic recovery in the United States and other countries have provided opportunities for foreign enterprises to invest in Indonesia. What is more important is that the Indonesian government in the past two years adopted macro- and micro-deregulation measures which in turn achieved good results in reactivating the economy and improving the investment environment.

In early 1993 the Indonesian government gradually lowered interest rates of the Central Bank's certificates which drove down the banks' deposit and loan interest rates. This gave impetus to enterprises' enthusiasm in investment, stimulated social consumption and helped revive the economy.

In June 1994, the government issued a new deregulation package for foreign investment, abolishing minimum limits to foreign investment and maximum foreign shares and opening to foreign investments the electricity, telecommunications, ports, railways and other strategic sectors.

State Minister of Investment Sanyoto Sastrowardoyo who is currently chairman of the board, revealed that

related government departments have discussed new deregulations to further attract foreign investments.

However, entrepreneurs and economists are of the view that the Indonesian government will have to make great efforts to fulfill the investment targets in line with the country's economic development. The government set the annual growth rate for the Sixth Five-Year Development Plan (1994-1999) at 6.2 percent. To support this growth rate, the government will have to get 303 billion U.S. dollars of investment in the next five years, meaning that the annual investment value being 60 billion U.S. dollars.

Besides, some economists also express the worry that the picking up of interest rates in the U.S. and other Western European countries will possibly have unfavorable effects on the realization of investments in Indonesia.

'Year-End' Assesses Philippine Economy in 1995

OW2512161494 Beijing XINHUA in English 1443
GMT 25 Dec 94

["Year-end" by Xiong Changyi: "Stronger Growth for Philippines in 1995"]

[FBIS Transcribed Text] Manila, December 25 (XINHUA)—As 1994 draws to a close, a stronger economic growth is seen in the Philippines for the coming year due to improved business environment and surge in exports and investments.

Social-Economic Planning Secretary Cielito Habito predicts that the country's gross national product (GNP) will grow by 6.0 to 6.5 percent in 1995.

The Asian Development Bank also projects that the Philippines' gross domestic product will expand by 6.2 percent next year from this year's 4.6 percent.

1994 is a banner year for the Philippine economy and the country's economy is in its best shape over the past decade.

In the first three quarters, the country's GNP rose by 5.5 percent from only 2.2 percent recorded a year ago.

Factoring out the overseas Kontract workers' income, the domestic economy maintained its growth of 4.4 percent this year as compared to 2.0 percent last year.

The government projects that the country's economy will grow by 5.5 percent for the entire year of 1994 as against 2.3 percent in 1993, well beyond the 3.5 percent target set by the International Monetary Fund.

The country's strong economic performance is triggered by surging exports and investments.

In the first 10 months of the year, total exports stood at 11 billion U.S. dollars, up 19.4 percent from last year's 9.21 billion U.S. dollars.

In the past 11 months, the Board of Investments posted its new high of 165 new and expansion projects worth 347.61 billion pesos (13.9 billion U.S. dollars), exceeding by 264 percent the year-ago level of 95.321 billion pesos (3.8 billion U.S. dollars).

As of November this year, the country's international reserves reached 7.007 billion U.S. dollars, 33 percent up from last year's 5.353 billion U.S. dollars.

For the first time in 10 years, the government posted a budget surplus of 25 billion pesos (1.0 billion U.S. dollars) in the first 11 months of the year as compared to the programmed deficit of 6.77 billion pesos (271 million U.S. dollars) for the same period.

The country's inflation seems to be under control. The inflation rate was 8.6 percent in September, 7.8 percent in October and down to 7.5 percent in November.

Secretary Habito said last week that the government's economic policies and structural reforms have resulted in the impressive performance of the economy.

"But underlying all of these reforms... is the attainment of political stability, improved peace and order, and a vastly improved atmosphere of national consensus in our economic development strategies," he added. However, the challenge in 1995 is how to maintain the running engine with macroeconomic variables intact.

The Asian Development Bank warns that a huge trade deficit and insufficient foreign capital investment will affect the Philippine economy's move towards sustainable growth.

The country's trade deficit reached 6.485 billion U.S. dollars in the first 10 months of the year, a sharp increase from the 5.134 billion U.S. dollars recorded a year ago.

The World Bank estimates that the country needs 40 to 50 billion U.S. dollars in infrastructure investments in the next 10 years.

To sustain the economic growth achieved by the country in the past two years and a half, President Fidel Ramos said today that the government will work further toward economic liberalization.

The government will pursue an intensified tax reform program and tariff reforms, liberalize the foreign investment act, open up retail trade sector, except for those sectors where ownership is restricted by the constitution.

Aside from dismantling cartels and monopolies, the government will deregulate the shipping and air transport industry and liberalize the banking system.

Salomon Brothers, a leading U.S. investment agency, said earlier this month, "the country is in one of its strongest economic and political positions in more than a decade."

"We believe that political and economic factors are now united to produce sustained growth in 1994 and onward," it added.

Near East & South Asia

RENMIN RIBAO Year-End on Middle East Peace

HK2612140094 Beijing RENMIN RIBAO in Chinese
22 Dec 94 p 6

["Year-end Special Dispatch": "Breakthroughs Have Been Made in Middle East Peace—Year-end Notes By Editors and Reporters"]

[FBIS Translated Text] Editor's Note: The peace process in the Middle East has made continuous headway and breakthroughs this year and the hostile condition between the Arab world and Israel that has lasted for half a century, has begun to gradually ease.

Reflecting on the past and looking forward to the future, our editors and our reporters stationed in Cairo, Damascus, Abu Dhabi, and Tunis compare notes on the developments in the situation over the past year. [end editor's note]

[Editor Dan Lin (0030 2651)]: The Middle East peace process made breakthroughs this year. Palestine and Israel signed an agreement on autonomy, concluding the confrontation that had lasted for 46 years and opening a gap to settle the dispute between the Arab world and Israel; Jordan and Israel signed the Washington Declaration and the Peace Treaty, ending the state of war that had lasted for nearly half a century and opening a new chapter of friendship and cooperation in the history of relations between the two countries; along with the development of the peace process in the Middle East, Morocco, Tunis, and Israel established representative offices in each other's countries, to represent their interests and they also established low-level official ties, whereas the six Gulf countries lifted some of their sanctions on Israel; and in order to usher in regional economic cooperation after peace in the Middle East, they also held a Middle East and North Africa economic summit in Casablanca and issued the Casablanca Declaration.

Overcoming Obstacles, Palestinian-Israeli Peace Talks Continue To Forge Ahead

[Cairo-based reporter Liu Shuiming (0491 3055 24940)] The core of the dispute between the Arab world and Israel is the problem of Palestine. In order to implement the in-principle declaration on the arrangement for provisional Palestinian autonomy which was reached in September 1993, Palestine and Israel again held a dozen round of talks this year.

The talks can be divided into three stages: First, the talks on autonomy for Gaza and Jericho. Autonomy for Gaza and Jericho should have begun on 13 December 1993;

however, because both sides ran into disputes on three main issues, namely management of the exit to the outside world, the areas of Jericho, and security for the Jewish settlement, the autonomy agreement could not be implemented according to schedule. Talks started again in January 1994 and, after intense and hard efforts for a month, both sides signed the Cairo document on implementing the in-principle declaration. But a tragedy took place on 25 February wherein an extreme Jewish element massacred Muslims in Hebron and the talks were halted. After the UN Security Council passed resolution No. 904, and after Palestine and Israel reached an agreement on security arrangements in Hebron, the talks started again. On 4 May, Arafat and Rabin signed the agreement on implementing autonomy in Gaza and Jericho, signifying that Palestinian autonomy had officially entered the implementation stage. In July, Arafat returned to Gaza, an area from which he had been absent for 27 years, and the Palestinian Autonomous Government announced its foundation. Palestine had ushered in a new era. Second, the talks on expanding the domain of Palestinian autonomy in the West Bank, and after four rounds of talks concrete agreements were reached on handing over administrative power in five areas, including culture, education, and health, to the Palestinian side. By 1 December, Palestine and Israel had smoothly accomplished the transfer of power in the West Bank ahead of schedule and with the exception of East Jerusalem. Third, the talks on legislation and elections in Palestine. Although both sides have reached some consensus since October, because the elections involved the redeployment of the Israeli forces in the West Bank, as well as having a profound impact on the future status of the West Bank, which includes East Jerusalem, both sides haggled over every penny during the talks and were reluctant to make concessions.

The founding of the Palestinian autonomous entity caused the Israeli forces to withdraw from 88 percent of the area of Gaza and Jericho; enabled the Palestinian residents on 40 percent of the occupied territory to be liberated, as well as several thousands of the imprisoned Palestinians to obtain their freedom; and allowed some 20,000 Palestinian police, their family members, and other cadres to return to their homeland. During the half year of self-rule, the conditions in Gaza and Jericho changed for the better and reconstruction work has been put on agenda.

Jordan and Israel Opened New Era of Peace

[Dan Lin] The reconciliation between Palestine and Israel broke the consensus among Syria, Lebanon, Jordan, and Palestine on not separately making peace with Israel; it helped to change the secret contacts between Jordan and Israel into open talks.

[Damascus-based reporter Wu Wenbin (0702 2429 2430)] For a long period of time, Jordan was trapped in the gap of the Arab-Israeli conflict and was in a difficult position. Jordan was the first country in the Arab world

to suggest talks with Israel. Although Husayn has never ceased his secret contacts with the Israeli leaders since he became king in 1953, it was only after Palestine and Israel signed the Washington Declaration and thus smashed the rule requiring the front-line Arab countries to "march at the same pace" and refrain from making peace with Israel separately, did the door suddenly open wide for Jordan and Israel to hold talks. On 25 July, Husayn and Rabin signed the Jordanian-Israeli Washington Declaration at the White House, ending the state of war between the two countries and expediting the talks between them. Thereafter, the two countries held a series of talks on settling the border issue, the distribution of water resources, security arrangements, and economic and trade cooperation, and eventually reached agreements, officially signing the Peace Treaty on 26 October. The peace treaty stipulates that Israel hands over sovereignty of the occupied Jordanian territory to Jordan, which immediately leases it to Israel. In addition, the two countries exchanged 30 square km of land, to satisfy Israel's security needs. The signing of the Jordanian-Israeli Peace Treaty laid a foundation for building a new Middle East in which hostility, violence, and war are to be replaced by peace, development, and cooperation; this promoted progress in the Arab-Israeli peace talks in other areas.

Syrian-Israeli Talks: Key to Overall Settlement of the Middle East Problem

[Dan Lin] After the Palestinian-Israeli and Jordanian-Israeli reconciliations, whether or not Syria and Israel can reconcile has now become the key to an overall and lasting peace in the Middle East. At present, both sides differ greatly in stance and it seems that official peace talks cannot begin just yet.

[Liu Shuiming] Over the past year, U.S. President Bill Clinton twice met with President al-Asad and Secretary of State Warren Christopher paid six visits to the Middle East for mediation. Although both Syria and Israel showed some signs of being more flexible, both sides still lack trust in one other. At present, the relevant sides involved in the mediation are still working hard to realize a direct dialogue between senior Syrian and Israeli officials, to let them build mutual trust.

[Wu Wenbin] The focus of contention between Syria and Israel is the Golan Heights. Israel has reiterated that it will not give up the Golan Heights. Since Palestine and Israel made headway in their peace talks, Israel has shown some flexibility in its stance on the Golan Heights and Israeli Foreign Minister Shimon Peres announced that Israel recognizes Syria's sovereignty over the Golan Heights. Israel also proposed a peace package and a plan to withdraw troops. The main point is that Israel accepts the principle of troop withdrawal but the withdrawal process and security arrangements should be linked to normalization of relations between the two countries. Syria insists that Israel withdraws all the troops from the Golan Heights in a few months, then the two countries

hold talks on the issue of normalization of relations. Although the United States tried hard to bring about a senior-level Syrian-Israeli meeting, no breakthrough was made.

[Liu Shuiming] Once Syria and Israel get on with peace talks, it will not be difficult for Lebanon and Israel to solve their problems.

The Gulf Areas: Crisis and Mitigation Coexist

[Abu Dhabi-based reporter An Guozhang (1344 0948 4545)] Since the Gulf war, the core problem perplexing the region is the problem of sanctions against Iraq. Trying hard to have the oil embargo lifted and then to break the overall sanctions, Iraq announced last year it would accept the UN resolution and this year, it proposed a "package plan for solution."

However, because serious disputes erupted in the assessment of Iraq's implementation of the UN resolution, the sanctions remained intact and Iraq was greatly disappointed. Then, in October, it sent a large number of troops to the Iraq-Kuwait border. The purpose of Saddam Husayn making such a move was to show the international community that, while the Iraqi problem remains unresolved, the Gulf cannot be stable. The United States and other countries immediately reacted strongly and, as a result, a large number of troops swiftly massed in the Gulf and the situation there deteriorated rapidly. Russia mediated and Iraq changed its stance dramatically and withdrew its troops. Thereafter, through legislation, it formally announced recognition of the Kuwaiti border and Kuwaiti sovereignty. Iraq's stance was welcomed by the Gulf countries. The situation in the Gulf entered a new phase of mitigation on a new foundation.

Over the past year, the relations between Iran and other Gulf countries also witnessed many changes. Iran proposed "building cooperative relations with the countries in the region" and stressed "peaceful solutions to disputes through dialogue." Iran and Iraq began a dialogue on improving bilateral ties, while the relations between Iran and Qatar and between Iran and Oman also improved. The Gulf countries also made contributions to promoting the Arab-Israeli peace process: Oman and Bahrain, in turn, organized Middle East multilateral peace talks which included Israeli delegations and the Gulf Cooperation Council lifted some sanctions against Israel.

Peace Is the Trend Yet the Road Ahead Is Rough

[Tunis-based reporter Zhao Zhangyun (6392 4545 0061)] Against the background of substantive progress toward Middle East peace, in late October, King Hassan II of Morocco convened and presided over the first Middle East and North Africa Economic Summit in Casablanca. The political and business leaders from some 60 countries attended the summit. The participants generally emphasized the importance of economic

development to consolidation of peace in the region and explored the feasibility of developing regional economic cooperation. Although the symbolic and inaugurating significance of the summit was greater than the substantive and real significance, it showed the wish to "promote peace with economy, safeguard stability with prosperity," and build a good cycle of peace and development.

[Dan Lin] Developments of the situation over the past year show that peace has become the trend and the peace process has become irreversible. When the peace process forges ahead, the region's political, security, and economic situations will undergo immense changes.

However, between Syria and Israel, and between Lebanon and Israel, peace has not been realized; while the core of the Arab-Israeli problem, that is, the Palestinian problem, has not been solved ultimately and forces against Arab-Israeli peace still exist in the region. In addition, a struggle between big powers in the region is emerging. Russia has revitalized its diplomatic activities in the Middle East, trying hard to return to the Middle East and break the U.S. monopoly over the affairs there. It seems that the next phase of the Middle East peace process will remain full of conflicts and struggles.

Commentary: 'Turmoil' in India's Congress-I Party

BK2712165594 Beijing China Radio International in Hindi 1500 GMT 27 Dec 94

[Commentary by "a Delhi-based correspondent"]

[FBIS Translated Text] Arjun Singh, the Indian human resource development minister, tendered his resignation on 24 December. This has caused turmoil in the Indian Government and the Congress-I Party. Indian Prime Minister Narasimha Rao immediately advised the Indian president to accept Mr. Arjun Singh's resignation, and the communique issued by the President House on the same night announced the acceptance of his resignation. Arjun Singh was a senior minister in the Indian Council of Ministers and a very influential figure in the ruling Congress-I Party. In his seven-page resignation letter, he charged Prime Minister Narasimha Rao, the Congress-I president, with arbitrariness and demanded a detailed probe into the securities scandal and the assassination of the late Prime Minister Rajiv Gandhi in order to make the economic liberalization policy people-oriented and project a new image of the Congress-I Party to the nation. There has been a strong reaction to Arjun Singh's resignation within the ruling party.

The Congress-I Party, meanwhile, is in the doldrums. Some time back it suffered a miserable defeat in four state assembly elections. It even suffered a defeat in Andhra Pradesh, the home state of Narasimha Rao, where the Congress-I was largely expected to remain the ruling party. Assembly elections will be held in five Indian states next February, and the ruling party will be

tested again. The Congress-I Working Committee convened a series of meeting over the last two weeks to consider new election slogans and strategies, but it failed to reach any conclusions before the winter session of Parliament. The government tried to defend itself in Parliament following the strong opposition attacks regarding the so-called securities scandal and sugar muddle. Following the resignation of Antony, the Indian civil supplies and public distribution system minister, 18 ministers of state and deputy ministers jointly sent in their resignations on 15 December and asked the prime minister to reconstitute the cabinet. On 22 December, under pressure, Prime Minister Rao accepted the resignation of three cabinet ministers connected with the scandals. It is obvious that Arjun Singh's resignation amid such a serious situation has caused a great setback to the Rao government and the ruling party.

Other cabinet ministers immediately reacted to the resignation. On 24 December, 35 ministers in a joint statement declared their support for Prime Minister Rao and expressed the view that Arjun Singh's resignation was extremely irresponsible. Six secretaries of the ruling party's parliamentary group and more than 20 members of Parliament in separate statements supported Rao while condemning Arjun Singh's resignation, saying this will strengthen communal forces and threaten the country's unity. In a statement, the president of Congress-I in Madhya Pradesh—Arjun Singh's home state—also condemned Arjun Singh's resignation and said it had weakened the party. Meanwhile, in their statements, the chief ministers of the Indian states of Assam, Kerala, Punjab, Maharashtra, and Gujarat extended their support to Rao, but Narayan Dutt Tiwari, the Uttar Pradesh Congress-I president, differed with them. He supported Arjun Singh's idea of projecting a new image of the party.

Taking advantage of Arjun Singh's resignation, all the Indian opposition parties have criticized the Rao government. A Janata Dal spokesman said that Arjun Singh's action only proves that the people have lost faith in Rao government. He said Rao should resign immediately. Bhartiya Janata Party President Advani said that Arjun Singh's resignation has made it clear that the crisis within the Congress Party has further deepened. Parliamentarian Dasgupta, leader of the Communist Party of India, said Arjun Singh's resignation makes it clear that the Rao government is full of (?problems). West Bengal Chief Minister Jyoti Basu, who is also the leader of Communist Party of India-Marxist, said that this indicates the Rao government and Congress-I's days are numbered.

Israel To Provide Avionics to New Combat Aircraft

HK2812054294 Hong Kong LIEN HO PAO in Chinese 27 Dec 94 p 7

[Report: "Mainland Researches and Develops Jian-10 Fighters Modeled on Israel's Lavi"]

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[FBIS Translated Text] The mainland is reported to be developing, with Israeli assistance, the fourth generation of the Jian-10 multirole combat aircraft, which is modeled on the IAI [Israel Aircraft Industries] Lavi fighter and incorporates power-managed radar and wire-control systems, which will go into service before the end of this century to replace the ancient and obsolete Qiang-5, Jian-6 and Jian-7 currently in active service. The gradual exposure of this research and development program to the world is expected to trigger a rush among the mainland's neighbors to acquire advanced combat aircraft to counteract the mainland's program.

Although the mainland military has acquired from Russia 26 large, air superiority Sukhoi Su-27 fighters, it still needs a less complicated multirole combat aircraft that lends itself easily to mass production to replace the obsolete Jian-6 (modelled on the MiG-19), Jian-7 (modelled on the MiG-21), and Qiang-5 (developed from Jian-6) attack aircraft and to form the backbone of its fleet in coordination with the Su-27 in ways resembling the U.S. Air Force's coordination of the F-15 and F-16.

Sources indicated that the Jian-10 prototype is scheduled to take its first test flight in early 1996. It is believed that the prototype will be made by IAI Limited but production will be in the mainland. This is the result of a visit by Lieutenant General Shomron, a former Israeli chief of staff and president of its national defense industry, to Mainland China at the end of 1991, which resulted in the signing of a contract on the joint development of this aircraft in the following year.

It is understood that the Chengdu Aircraft Industry Corporation in Sichuan will carry out the development program. "Chengdu Aircraft" plant researched, developed, and produced the Jian-7 and later undertook its improvement. The configuration concept for the Jian-10 came from Israel's Young Lion (Lavi), and the avionics for the aircraft, including a modified version of the EL/M-2021 multimode pulse-doppler radar and the U.S.-developed fly-by-wire guidance flight control system, will mainly be made in Israel; however, the power system will not be supplied by Israel and will probably be a product of the mainland's independent research and discovery or reverse engineering. Intelligence indicates that the aeroengine configuration is different from the Lavi, indicating that the Jian-10 will have a different appearance from the Lavi.

Three prototypes had been made when the cancellation of the Lavi combat aircraft program was announced in August 1987, with \$1.5 billion already spent on research and development, half of it contracted out to American corporations. Simply put, much of the technology going into the Lavi came from the United States, explaining why cooperation between the mainland and Israel has attracted U.S. attention. The U.S. position will influence the course of the Jian-10 program. However, even if the United States bans Israel from exporting certain hi-tech

systems to the mainland, it can still obtain systems with similar levels of sophistication from other countries, Britain among them.

Although the Lavi program has been shelved, the third prototype is still serving in Israel as a technology demonstrator. The results of this prototype's test flights are generally believed to have provided the mainland with data for its reference.

XINHUA on Military Exchanges in South Lebanon

OW2412002794 Beijing XINHUA in English 2119
GMT 23 Dec 94

["Roundup" by Shao Jie]

[FBIS Transcribed Text] Beirut, December 23 (XINHUA)—Following a series of guerrilla attacks at Israeli positions in the so-called "Security Zone," the Lebanese Army today responded to Israeli hostilities by firing at Israeli positions in South Lebanon.

The official National News Agency (NNA) said tonight that the south appeared to be a "real war field."

A statement issued by the Lebanese Army said, "a military vehicle of the internal security forces was hit directly by a rocket fired from a Israeli helicopter at the triangle of Haboush-Deir Azzahrani, leading to the killing of two members of the security forces."

"The army posts at Loueizeh was also bombarded at 1:30 p.m. (11:30 GMT) by artillery shells fired from the enemy positions," the statement said. "The army concentrated in the area responded by firing at Israeli positions opposite Iglim Al-Tofah and Nabatiyeh."

Earlier today fighters of the Islamic Resistance, the military wing of the pro-Iranian Hezbollah, or Party of God, mounted a series of attacks at Israeli positions at Ali Al-Taher, Seweida, Al-Dabsheh and Al-Tahrat with light and heavy weapons, in retaliation for Wednesday's [21 December] bomb explosion in the southern suburb of Beirut.

Israeli Radio reported that two Israeli soldiers were killed and seven injured today in a field fighting with guerrillas in South Lebanon.

The soldiers were killed in an attack by Hezbollah guerrillas at an Israeli Army post at Ali Al-Taher Heights in the Israeli self-declared "Security Zone," the radio said.

The Islamic Resistance announced that three Israeli soldiers were killed in the morning fighting, two of them at Seweida and the others at Al-Dabsheh, and 18 Israeli soldiers were wounded.

The Israeli Army retaliated by bombarding a number of Lebanese villages in Nabatiyeh area and Iglim Al-Tofah.

The intensive bombardments were accompanied by roaring of Israeli jet fighters and helicopters over the venues.

One of the Israeli helicopters fired an air-surface rocket that hit a jeep of the Lebanese security forces, killing two men in it, one of them was an officer.

A Mercedes running behind the jeep was also damaged and its driver injured when the Israeli helicopter fired the rocket, witnesses said.

Israel's violent artillery bombardments resumed in the afternoon. Israeli helicopters launched an air-surface rocket into a pick-up passing along the Arabsalim-Homin Al-Fauga road in Nabatiyeh area.

Israeli intermittent bombardments continued tonight, and Israeli warplanes were flying at low altitude over south Lebanese towns and villages, security sources reported.

The military escalation has paralyzed the south Lebanese market town of Nabatiyeh, the security sources said. Citizens in the town were warned to stay at home, official and private institutions, banks and schools were closed and ambulances and civil defense vehicles screamed through the streets free from pedestrians.

Hezbollah, who has been engaged in a guerrilla war against the Israeli occupation in South Lebanon since the mid-1980s, vowed to revenge the Wednesday explosion. Hezbollah accused Israel and its agents in Lebanon of launching the car bomb attack in which four people were killed and 16 others wounded.

Militants of the pro-Iranian Hezbollah Thursday buried the victims of the car bomb amidst chants of "death to Israel and the United States" and pledges to revenge against Israel.

Between 3,000 and 5,000 people gathered in the Shiite-populated Sfeir area to take part in the funeral of Fuad Moghaniyeh, an official of Hezbollah and brother of Imad Moghaniyeh, wanted by the United States for the 1985 hijacking of a TWA airliner and the kidnapping of several Westerners.

Another Hezbollah member killed in the blast was buried in his south Lebanese village and a third Syrian victim was taken home.

Sub-Saharan Africa

Africa's Economic Growth 'Accelerates' in 1994

OW2712024194 Beijing XINHUA in English 2203
GMT 26 Dec 94

[By Huang Pengnian: "Africa's Economic Growth Accelerates in 1994"]

[FBIS Transcribed Text] Addis Ababa, December 26 (XINHUA)—Facts have showed that Africa's economic performances are better this year than last year.

According to the preliminary estimation of the United Nations Economic Commission for Africa (ECA), the African economy has registered a 2.8 percent growth, up from 1.1 percent in 1993.

The growth in 1994 is the fastest in the past five years in the continent.

It was expected that 12 countries would register a growth rate of five percent this year.

The number of countries which have recorded negative growth this year has been reduced to 11 from 17 last year.

Due to more favorable weather in most parts of the continent, Africa's agricultural output has grown by a 3.1 percent this year against 1.8 percent in 1993.

Africa's exports, in value terms, have grown by 4.26 percent to 95.2 billion U.S. dollars from 91.3 billion U.S. dollars in 1993. In volume terms, Africa's exports have showed a two percent growth this year.

The rise in Africa's export value was attributed to a big jump in the prices of almost all primary commodities in the world, especially coffee, cocoa, tea, cotton and minerals during this year.

It was reported that the price index of beverage commodities saw a significant rise of almost 60 percent in 1994.

This was mainly due to the buying and other spectacular pressures in the coffee market provoked by the news of frost and drought in the main coffee-growing Brazil, and to the low stocks of cocoa.

Africa's terms of trade has improved by 0.6 percent this year following a fall of 4.9 percent in 1993.

In 1994, Africa has made a noticeable stride towards the integration of its economies. The Abuja Treaty on the Establishment of the African Economic Community came into force in May. Countries in central Africa, southern Africa, and eastern and southern Africa respectively signed the treaties on the establishment of the sub-regional common markets.

However, the economic performances in Africa remained unsatisfactory in 1994. The continent has witnessed, among other things, a faster population growth than economic growth, persistent weak demand, and a widening current account deficit.

Africa's unsatisfactory economic performances were attributed to a number of factors, including the continued political instability and conflicts, resource constraints, rising external debt, and poor economic management.

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Next year, the prospects of Africa's economic performance will depend on both domestic and external factors. It is expected that the new GATT agreements signed this year, as well as the traditional factors, will make some negative impacts on the African economy.

Chad President Leaves Nanning for Shenzhen

HK2712103294 Nanning Guangxi People's Radio
Network in Mandarin 1130 GMT 20 Dec 94

[FBIS Translated Text] Col. Idriss Deby, president of Chad, and his wife left Nanning for Shenzhen this morning by special plane in the company of Sun Longchun, vice minister of public health and head of the escort group of the Chinese Government, and continued his visit to our country. Cheng Kejie, chairman of the regional government, and his wife saw the guests off at the airport. Before President Deby boarded the plane, he invited Chairman Cheng Kejie to visit Chad in the future. Chairman Cheng gladly accepted the invitation.

South African Assembly Official Comments on Visit

OW2312140794 Beijing XINHUA in English 1151
GMT 23 Dec 94

[FBIS Transcribed Text] Beijing, December 23 (XINHUA)—The ongoing changes and colorful humane and natural environment in China "impressed me deeply," said Leon Wessels, deputy chairman of the Constitutional Assembly of South Africa, on his just-concluded trip to the country.

He told XINHUA in an interview that the country's vitality, which was unleashed through reform and opening-up processes, was really encouraging.

During his stay in China, Wessels met with Chairman of the Standing Committee of the National People's Congress Qiao Shi, and officials from the State Commission for Restructuring the Economy and the Foreign Ministry.

He also traveled to Tianjin, Shenzhen and Shekou, where he visited rural enterprises and development zones.

China is not only a very important force in the international arena, but will also become an important economic force in the days ahead, Wessels said.

The South African legislator expressed satisfaction with the trend for sustained expansion of bilateral trade over the past few years.

In 1993, the volume of direct trade between China and South Africa surged 169 percent over the previous year. By last August, ten Sino-South African joint ventures have been approved in China, involving steel to coal industries and 18 more are under discussion at the moment.

China and South Africa can expand cooperation in mining, metal working, iron and steel and other industries as well as contacts in the business world, said Wessels, who was the first high-ranking official to visit China since May 1994, when the new South Africa came into being.

Wessels said he will make still greater efforts for the expansion of such ties.

He also expressed optimism about the goal of normalizing diplomatic relations between the two countries.

Ambassador Attends Ceremony for Ugandan Stadium

OW2212172394 Beijing XINHUA in English 1708
GMT 22 Dec 94

[FBIS Transcribed Text] Kampala, December 22 (XINHUA)—The ceremony on the completion of the main structure of Uganda National Stadium was held today at Nambole, eight kilometers from here.

Speaking at the ceremony, Ugandan Deputy Prime Minister Eric Adiko expressed the government's appreciation to Chinese workers and engineers for their hard work in completing the main structure of the stadium six months ahead of schedule and hoped that the cooperation between the Chinese and Ugandan peoples would be further developed.

Chinese Ambassador Xu Yingjie in his speech expressed his thanks to the Ugandan departments concerned for their cooperation extended to Chinese workers and engineers in completion of the main structure of the stadium.

More than 100 Ugandans and Chinese attended the ceremony. Among them were Ugandan Minister of State for Lands and Housing Mutebi Mulwanira and other high ranking officials in the Ugandan departments concerned as well as officials in the Chinese Embassy in Uganda.

The project was inaugurated in April, 1993 under an agreement signed between the two countries in 1987. It includes a national stadium with a capacity of 40,000 spectators and 200 seats for VIP, a hotel for 120 athletes, a 105-meter-long and 60-meter-wide football field as well as eight 400-meter-long plastic running tracks.

In accordance with the schedule agreed by the two countries, the project will be completed in February, 1997.

West Europe

Qian Qichen 'Would Agree' To Visit Britain

'Welcomes' Visit by British Minister

HK2812061894 Hong Kong RTHK Radio Four in
English 0500 GMT 28 Dec 94

[FBIS Transcribed Text] Chinese Vice Premier and Foreign Minister Qian Qichen has reportedly agreed to

visit Britain. This was disclosed by the head of a pro-Beijing political party, the Democratic Alliance for the Betterment of Hong Kong [DAB], Tsang Yok-sing, who is leading a delegation to the Chinese capital. Joseph Chan reports:

After the meeting, Mr. Tsang quoted Mr. Qian as saying that the state of the Sino-British relations had now been set. Mr. Qian reportedly said that he would agree to a visit to Britain and he would welcome a visit by the British minister of trade. According to Mr. Tsang, Mr. Qian also agreed that China's Preliminary Working Committee should be more open in its operations and should consult a wider cross-section of the people of Hong Kong. Mr. Qian was also said to have remarked that the 1996 preparatory committee would be representative of the people of the territory. Mr. Qian also agreed that a special body to handle complaints from the people of the territory during their visits to the mainland should be set up, especially in Guangdong Province.

In the afternoon, the DAB delegation will meet Vice Premier Zhu Rongji and a deputy chief of the General Staff of the People's Liberation Army, Xu Huizi.

Further on Visits

HK2812131894 Hong Kong Television Broadcasts
Limited in English 1200 GMT 28 Dec 94

[From the "News at 8:00" program]

[FBIS Transcribed Text] Chinese Foreign Minister Qian Qichen will visit Britain in the next three months. As Jenny Lam reports, it will be his first trip there since relations deteriorated over political reforms in Hong Kong.

[Begin Lam recording] Qian Qichen told a visiting delegation from the Democratic Alliance for the Betterment of Hong Kong [DAB] that he has accepted a British invitation to go to London. The date has not yet been set but it will happen in the next three months. It will be the first official trip to Britain by a Chinese foreign minister for three years. Since the souring of Sino-British relations over political reforms in Hong Kong, meetings between the foreign ministers of the two countries have been held either in Beijing or at the United Nations. The two are supposed to meet twice a year according to the Sino-British Airport Memorandum to discuss the Hong Kong question. But, over the past 24 months, the meetings have yielded little beyond the handshakes in front of the cameras. Qian also confirmed Britain's president of the board of trade, Michael Heseltine, will go to Beijing sometime in the next year. But on whether the visits signal a warming in Sino-British ties, Qian said the wider picture of that relationship is already set. Jenny Lam, TVB news. [end recording]

The DAB delegation also learned that China is now drafting laws for the stationing of troops in Hong Kong after 1997. As Linda Lee reports the laws will prohibit military involvement in the business sector.

[Begin recording] [Lee] In a meeting with senior military officials today, the DAB was told that the Chinese Government is now drafting legislation for the stationing of PLA [People's Liberation Army] troops in Hong Kong after 1997. The Deputy Chief of Staff Xu Huizi told the delegation that the legislation would specifically spell out whether the troops should be court martialled or tried in Hong Kong courts if they violate Hong Kong laws. Xu also pledged that the troops will be rotated every three years and prohibited from running business operations like they do in the mainland.

[Unidentified DAB delegate, in Cantonese] For example, on whether or not the troops will do business, he made it very clear that troops to be stationed in Hong Kong will absolutely not be allowed to go into business nor to have any joint operations with Hong Kong business circles.

[Lee] The draft legislation is expected to be passed by the Chinese National People's Congress before 1997. Linda Lee, TVB News. [end recording]

'Year-Enders' Views Upcoming French Elections

OW2812055794 Beijing XINHUA in English 0419
GMT 28 Dec 94

["Year-Enders: French Politicians Jockey for Position as Presidential Race Nears"]

[FBIS Transcribed Text] Paris, December 28 (XINHUA)—With nearly two months to go before the French go to the polls for the first stage of their presidential elections, the ever-seething rivalries among France's political forces grow more intense by the day.

While the presidential runoff begins on February 28 next year, with the final vote being held on April 23, the various politicians who hope to succeed the incumbent head of state, Francois Mitterrand, have been jockeying for position since summer. More recently, some of these political figures have pressed ahead of the others and formally announced their candidacy.

On November 4, Jacques Chirac, mayor of Paris and former president of Rassemblement pour la Republique (Rally for the Republic), announced his bid for the presidency—becoming the first member of the governing right wing majority to do so. Defeated in two previous presidential elections, Chirac apparently hopes that, if he puts his all into this effort, he will at last succeed.

Prime Minister Edouard Balladur—also a member of the Rally for the Republic (RPR)—is seen as the likely winner in the presidential contest, but has yet to announce his candidacy. The success of his economic policies has won him widespread support. Since assuming office in March 1993, Balladur has managed to cut the deficit, reduce unemployment, and revive the economy.

Over the past few months, the rivalry between the two men has created a rift in the political right, which in turn has led to fears that the internal struggle could lead to the defeat of both.

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Since early June, the right wing majority has been dealt a series of heavy blows with the exposure of scandals involving three cabinet ministers. With the resignations of Alain Carignon, communications minister; Gerard Longuet, minister of industry, posts and foreign trade; and Michel Roussin, cooperation minister,—all caused by corruption scandals—the integrity of the right wing government was called into serious question.

The setbacks suffered by the right wing benefited the Socialists, who have regained ground since being mauled in the parliamentary elections of March 1993, when they lost power.

However, it is hard to see how the Socialists can profit by the disarray in the ranks of the right. For a time it seemed as if they had a powerful contender in Jacques Delors, outgoing president of the European Commission. Several polls indicated that Delors would defeat Chirac and might even beat Balladur in a second round of balloting. But on December 11, Delors said he would not run—a decision that has thrown the left wing camp into disarray.

While the right wing suffers from its internal rift and its image problems, generally speaking it remains much more powerful than the left.

Meanwhile, in an effort to avoid the repetition of failure in the presidential elections of 1981 and 1988—both largely the result of internal strife—a large body of rightists headed by Interior Minister Charles Pasqua is advocating holding a "preliminary election" designed to choose a single candidate for the right before the first round of presidential elections is held.

Other politicians of the right oppose holding such an election—similar to the primaries that precede national elections in the United States—on the ground that it would cost a lot of money and be subject to manipulation.

While the right and the left struggle with their problems, two candidates farther out on the political spectrum—Jean-Marie Le Pen, president of the ultra-rightist Front National, and Robert Hue, general secretary of the Communist Party—have also thrown their hats into the ring. Each can be counted on to complicate the political contest by pulling votes away from the centrist right and the centrist left.

While the politicians strive to appeal to the French public, the public seems primarily concerned about what Mitterrand's successor will do, or try to do, to solve some of the country's most pressing problems.

Chief among them is unemployment. 3.3 million people—or 12 percent of the work force—are currently unemployed. Although the economy has recently shown signs of recovery, the situation has not been significantly eased.

Among the therapies being discussed are lightening the tax burden on businesses, improving vocational training, and creating programs that would employ more young people.

Meanwhile, the government will be compelled to go ahead with structural reforms in its effort to reduce the deficit, spur domestic consumption, boost corporate investment, and stimulate economic growth.

On the diplomatic front, France's new leader will be expected to continue pursuing independent foreign policies centered on promoting the reconstruction of Europe.

Early next year France will for six months assume the rotating presidency of the European Union (EU). France can be expected to seize the occasion to narrow differences with Germany over EU enlargement, to uphold the "French-German Axis," and forging a closer relationship with Britain while maintaining France's prominent role in European affairs.

Its relations with African countries will also remain a major component of France's diplomacy. In an address to a Franco-African Summit in early November, Mitterrand exhorted his future successor not to forget France's traditional relations with Africa.

At the same time, whoever leads the country in the years to come, France will wish to strengthen its presence in the Middle East, which is of strategic importance, and in the Asia-Pacific Region, whose national economies are among the fastest-growing in the world.

Shanghai Volkswagen Company Builds Second Plant

OW2712162294 Beijing XINHUA in English 1556 GMT 27 Dec 94

[FBIS Transcribed Text] Shanghai, December 27 (XINHUA)—The second plant of the Sino-German jointly-funded Shanghai Volkswagen Automobile Co., Ltd was built here today.

As a result, the annual production capacity of the company will be doubled to 200,000 next year.

At the same time, a new car named the "Shanghai Santana 2000" was exhibited here for the first time and is expected to be put on the market next April.

The No. 2 Plant, built on the site of the former Shanghai Auto Plant, involves a total investment of more than 2.5 billion yuan and covers an area of 190,000 square

meters. The production lines use equipment made by Germany, the United States, Japan and Britain.

The Shanghai Auto Plant, which produced "Shanghai Brand" cars, merged with the Shanghai Volkswagen Co., Ltd in 1992.

It took only two years and three months to basically complete the plant, a pace that was "fantastic", according to Brend E. Farny, technical executive director of the company.

In 1994, the company produced 115,000 "Santana" cars and 100 "Shanghai Santana 2000" sedans, reporting a

total output value of 42 billion yuan, one-third of Shanghai's industrial total. It has yielded annual profits of four billion yuan.

The new plant will be put into overall operation in 1995, according to Farny. He revealed that the company will strive to lower the production cost of the "Santana" cars by 15 percent within three years and increase its annual output to 300,000 in 1997.

The business volume of the company has topped the foreign-funded enterprises in China for three years in a run. It started with an investment of 48 million yuan a decade ago and has invested nearly 2.6 billion yuan by now.

Political & Social

Jiang Zemin Establishes Network of 'Agents'

HK2812091094 Hong Kong CHENG MING in Chinese
No 206, 1 Dec 94 pp 9-10

[Article by Luo Ping (5012 0393): "Jiang Zemin Establishing His Own Secret Agent Network"]

[FBIS Translated Text] The post-Deng era is imminent. What does Jiang Zemin, the top ruler of post-Deng China, fear most?

It is the people.

In order to effectively control the people and to further consolidate his totalitarian, despotic, and autocratic government, he thought hard and finally came up with a new trick.

Top Agency Collecting and Analyzing Intelligence

On 5 November, Jiang Zemin announced at a meeting of the CPC Central Committee Secretariat that a "central social and political work research team" would be established directly under the CPC Central Committee's Political Bureau and Secretariat. The duty of this "research team" is to submit reports and suggest ideas to the Political Bureau and the Secretariat regarding relevant policies and social trends; it is the top organ collecting and analyzing intelligence for the central decisionmaking body and departments overseeing daily work.

The research team is comprised of Ding Guangen, Zou Jiahua, Wei Jianxing, Zeng Qinghong, Zeng Jianhui, Jia Chunwang, Li Wenqing, Guo Chaoren, and Tian Qiyu; it is divided into five small groups on the political situation, the social situation, the masses, the national situation, and trends; and it has established branches in 12 provinces (autonomous regions) and municipalities in the country to carry out secret, clandestine work. The branches in the 12 provinces and municipalities are directly responsible to the "central social and political work research team." By mid August this year, these branches had already been established. Those persons in charge of the branches are deputy party committee secretaries or party committee standing committee members, whereas members of the branches are those persons who oversee discipline inspection commissions, propaganda departments, public security organs, and state security organs. The 12 provinces (autonomous regions) and municipalities are Beijing Municipality, Shanghai Municipality, Shandong Province, Jiangsu Province, Sichuan Province, Liaoning Province, Guangdong Province, Henan Province, Shaanxi Province, Fujian Province, Xinjiang Autonomous Region, and Tibet Autonomous Region.

Operational Style of "Central Social and Political Work Research Team"

The "central social and political work research team" came into existence and began operations earlier this

year, long before Jiang Zemin officially announced its establishment on 5 November. Members of the five small groups under the organ are senior personnel from the CPC Central Committee Policy Research Office, the Central Strategy Research Institute, the State Council's Policy Research Office, the Institute of Research on National Conditions, and public security, supervisory, and state security organs. Its operational style is to authorize provincial-level organs and branches to conduct opinion polls and interviews based on standardized work topics or the "central social and political work research teams" go directly to the localities and departments to conduct opinion polls. They then write surveys and reports and summarize material for the CPC Central Committee Secretariat and Political Bureau to read. Some of the material will be used by the CPC Central Committee General Office and the State Council General Office as documents and trends reports, which will be sent to various ministries, central commissions, provinces (autonomous regions), municipalities, and major military regions for reading and reference.

On 5 November, the "central social and political work research team" sent its eighth work report, entitled "Problems Caused by Concern About Deng Xiaoping's Health in Various Strata in the Whole Country." This report was listed "Top Secret," and it also contained written instructions from Jiang Zemin, Liu Huaqing, and Wan Li.

The Ten Duties of Watching the People

Judged from the central tasks signed by Jiang Zemin and his trusted followers to this "central social and political work research team," this organ should be an intelligence and espionage organization for monitoring and controlling the broad masses of people, and its duties are as follows:

1. Survey and grasp opinions and feedback from various strata of society toward party and government policies, principles, and measures on a regular basis.
2. Grasp and understand the opinions and evaluations given by the various strata of society to central party and government departments, as well as major leaders.
3. Grasp and understand the evaluations and opinions given by various strata of society to work done by party and government departments.
4. Grasp and understand the trends among various strata of society in response to the situation and political developments at home.
5. Grasp and understand relatively strong opinions which have an ideological nature from various strata of society toward the existing society and system in a particular period.
6. Grasp and understand the main conflicts between various strata in society as well as their acute and potential problems.

7. Grasp and understand the situation of the implementation of the party's principles, policies, and measures by local party and government departments.
8. Grasp and understand responses to and opinions of the central government's foreign policies and decisions from various strata in the society.
9. Grasp and understand the responses and opinions to developments and changes in Taiwan from various strata in society.
10. Grasp and understand the relationship between local party and government departments and the garrisons there, as well as existing and potential problems.
11. Grasp and understand changes and developments in the rural areas, the relationship between rural and urban areas, and the emerging conflicts and problems between rural and urban areas.
12. Grasp and understand the responses and demands from the various democratic parties and social groups to the party's work, the government's anticorruption drive, and society in general.
13. Grasp and understand the trends and opinions toward sudden incidents or incidents which have a great impact inside the country among the various strata in society.
14. Grasp and understand the influence of ideological penetration by foreign-funded enterprises and the West into the current social system since reform and opening up, as well as the relationship and influence of such penetration to economic and political changes among various strata in society.
15. Grasp and understand the degree of concern for political life among various strata in society, as well as their positions on participation.
16. Grasp and understand the opinions of various strata in society toward joining the CPC, the Communist Youth League, the democratic parties, and social groups, as well as their conditions in doing so.
17. Grasp and understand the impact on society when various strata in society join religious groups, and the influence on society of religions which have political color and which come from abroad.
18. Grasp and understand the relationship between the Han people and minority nationalities in the country's border areas, the relationship between minority nationalities and foreign countries, and the issue of influence.

Establish Nationwide Intelligence Network To Deal With the People

Of the 18 duties mentioned above, each one of them is to "grasp and understand," and this shows that the organization is in fact an organization of secret agents. Furthermore, it is aimed at "various strata in the whole country," so it is clear that what they have to watch is the

people of the whole country. In fact, this kind of ruling method of establishing an intelligence network in the country to deal with and control the people is new on the one hand and not new on the other.

To say that it is not new is because during the Cultural Revolution period, Jiang Qing did not believe in the party and government systems at that time and "kicked party committees out in order to pursue revolution." However, she found that she could not keep abreast of the political situation and the people's condition, so she utilized reporters from "two newspapers and one journal" at that time—especially JIEFANGJUN BAO—to act as an intelligence network for her in the name of conducting news interviews. This CPC system was inherited from the Cultural Revolution and still exists. Reporters from XINHUA, RENMIN RIBAO, and other news units must, apart from conducting news interviews, act as the eyes and ears of the CPC Central Committee and write so-called "internal reference," "Qing yang [3237 2876]," and numerous other reports on the situation for the Political Bureau and other senior persons to read.

Now, Jiang Zemin has "deepened reform" of this system and has gone so far as to establish a dedicated intelligence organization controlled by his trusted followers, such as Zeng Xinghong, to serve his dictatorial and despotic rule.

Research Team Carries Out "Clandestine Secret Work"

It is new because the vastness of its domain is unprecedented judged from its duties. It controls the democratic parties and social groups, watches the activities of religious circles, and controls minority nationalities in the border areas; it oversees the relationship between the Army and the government; and between the urban and rural areas and touches upon affairs involving Taiwan and foreign countries; and it certainly controls ideology and the activities of dissidents. What is noteworthy is that Jiang Zemin has ruled that this "research team" and its branches in the localities should "carry out clandestine secret work," whereas the difference between the branches in the localities and other CPC organizations is that they are not led and managed by party committees in the localities, but are directly responsible to the "central social and political work research team." Furthermore, judged from the members of the organization—Ding Guangen, who is in charge of the propaganda department; Zeng Jianhui who is in charge of the news office; Guo Chaoren who is in charge of XINHUA; Jia Chunwang, minister of state security; Tian Qiyu, vice minister of public security; and Zeng Qinghong, Jiang Zemin's trusted follower and director of the CPC Central Committee General Office—it is really a system composed of secret agents and intelligence personnel.

Looking at the nameplate which reads "research," one cannot help recalling that the CPC's special agents and intelligence organization in earlier days was the "investigation department," which used the "investigation"

plate. Similarly, the Kuomintang's "central statistics bureau" used the "statistics" plate. It seems that whether or not it is "investigation," "statistics," or "research," the plate is actually less than what it purports to be.

Jiang Zemin, Li Ruihuan Note Arts' Importance

OW2712162094 Beijing XINHUA in English 1553
GMT 27 Dec 94

[FBIS Transcribed Text] Beijing, December 27 (XINHUA)—Top Chinese party leader Jiang Zemin today stressed the necessity of boosting China's national arts and stimulating the national spirit.

Jiang, General Secretary of the Central Committee of the Communist Party of China (CPC), made the remark while holding talks with a group of artists and experts of the Peking Opera and other folk art forms on the occasion of marking the 100th anniversary of the births of Mei Lanfang and Zhou Xinfang, two of the most renowned Peking Opera stars.

Born at the end of the last century, Mei was famous for playing beautiful women, although he was male, and Zhou was good at martial arts and usually played heroes.

The deaths of Mei and Zhou, in the 1960s and 1970s, respectively, were followed by a decline in the art form especially after the appearance of karaoke, electronic games, and cable tv programs, on top of the older challenge posed by films.

Jiang said that promoting national arts and inspiring the national spirit is an important part of the task to educate broad masses of the people in patriotism, especially youngsters, and for building up socialist ideological progress, and is imperative for promoting the socialist cultural cause.

Li Ruihuan, Chairman of the Eighth National Committee of the Chinese People's Political Consultative Conference and also a head of a committee overseeing the celebrating activities, presided over the forum.

During the forum, Jiang said the Peking Opera is the "quintessence" of Chinese national art. He highly praised the patriotism of the two late artists and their unremitting efforts at developing Peking Opera, and called on young artists to learn from the two artists. This includes overcoming all difficulties and making new contributions to the country's national arts by way of studying the achievements of the two late artists.

While calling for the successful running of art schools and colleges to train more talent in folk art forms, the party chief also urged local cultural departments to pay attention to workers in the national arts and to try their best to improve living standards for the artists, in a bid to foster a healthy atmosphere for respecting national art and artists in the whole society.

He also stressed the necessity of protecting some influential folk art forms and troupes while emphasizing the

significance of upholding and strengthening party leadership in the work of boosting Peking Opera and national art.

Li Peng Signs Disabled Persons Proclamation

OW2812041094 Beijing XINHUA in English 0336
GMT 28 Dec 94

[FBIS Transcribed Text] Beijing, December 28 (XINHUA)—Premier Li Peng, on behalf of the Chinese government, has signed the Proclamation on the Full Participation and Equality of Disabled People in the Asia-Pacific Region, it was announced here today.

The proclamation was adopted at the Meeting to Launch the Asia-Pacific Decade of Disabled Persons, held here in December 1992.

The document stresses that the Asia-Pacific Region has registered the fastest economic growth in the world, and the economic development should be reflected in the efforts made by the countries of the region for the most vulnerable group—the disabled.

"With improved attitudes, increased awareness and much care, we can build social and physical environments that are accessible for all, i.e. we must work towards a society for all," it said.

The adoption and signing of the proclamation were among the most important activities of the Asia-Pacific Decade of the Disabled (1993-2002), defined by the Economic and Social Commission for Asia and the Pacific (ESCAP) at its 48th session, held here in April 1992.

To date, government leaders of 27 countries in the Asia-Pacific region have signed the proclamation.

Zou Jiahua on Need for Old-Age Insurance System

OW2712162194 Beijing XINHUA in English 1546
GMT 27 Dec 94

[FBIS Transcribed Text] Beijing, December 27 (XINHUA)—The old-age insurance system with Chinese characteristics should be established on a scale compatible with the dimensions of China's reforms, and serve to promote economic development and maintain social stability, a senior leader said here today.

Addressing a working meeting on experimenting with an old-age insurance system covering employees of urban enterprises, Vice-Premier Zou Jiahua said it is imperative to establish an old-age insurance system with Chinese characteristics in keeping with the market economy.

"China should strive to set up a multi-layered old-age insurance system that will fit the country's socialist market economy by the end of this century," Zou said.

The vice-premier urged governments at all levels to pay attention to the establishment of such a system, which

will be jointly financed by the society and individuals. "This is one of the major reforms and an important item on the government's work agenda next year," he said.

Experiments in this field should be based on the conditions of the particular areas, conducted in a gradual manner, and improved through practice, the vice-premier said.

The Central Committee of the Communist Party of China and the State Council have long attached great importance to the reform of the country's social security system, he said, citing a number of government decisions on old-age insurance since 1991.

The vice-premier said that the setting up of an incentive system and improving the management of old-age insurance funds is of immediately importance.

However, he said, the reform must be based on such factors as China's economic growth, people's living standard, the huge and rapidly-aging population, and uneven social and economic development in different areas, Zou said.

Labor Minister Li Boyong and Vice-Minister of the State Commission for Restructuring the Economy Li Zhifeng briefed the participants on two plans on old-age insurance reform drafted by the State Council.

Li Tieying, Minister in charge of the State Commission for Restructuring the Economy, and Luo Gan, Secretary-General of the State Council, also attended the meeting.

Top Judge Says Courts To Work Toward Reform

OW2812131394 Beijing XINHUA in English 1246
GMT 28 Dec 94

[FBIS Transcribed Text] Beijing, December 28 (XINHUA)—Chinese courts will continue to uphold the goal of serving economic reforms and maintaining social stability in 1995 by cracking down on legal offenses and equalizing economic relations, the country's top judge pledged today.

Addressing a conference marking the 45th anniversary of the Supreme People's Court, its president, Ren Jianxin, said that special efforts will be made to fight local and departmental protectionism.

"People's Courts across the country should resolutely remove possibilities for interference by local and sectional protectionism to ensure the unity and sanctity of the law," Ren said.

He said that the courts should at the same time spare no effort in upgrading the courts, and bring the power of the law into full play.

As an indispensable part of China's democratic system, the People's Court has cracked down on a large number of offenses threatening public security and sabotaging economic order since 1978, Ren said.

So far, the People's Courts at all levels have organized judicial courts to handle economic cases. They have also launched a nationwide campaign to safeguard the legitimate rights and interests of Chinese citizens and various social communities.

In addition, to meet the growing demand of foreign trade and the shipping industry, nine courts of marine affairs have been established across the country.

Ren explained that the Supreme Court is busy preparing to introduce a judicial court for intellectual property rights, while some local People's Courts have already adopted the practice.

China's top leaders, including Jiang Zemin, Li Peng, Qiao Shi and Li Ruihuan, all wrote inscriptions of encouragement for the occasion.

CHINA DAILY To Expand to 12 Pages on 2 Jan

OW2812095994 Beijing XINHUA in English 0932
GMT 28 Dec 94

[FBIS Transcribed Text] Beijing, December 28 (XINHUA)—CHINA DAILY, the country's sole national English newspaper, will expand from eight to 12 pages starting on January 2, 1995.

The expansion consists of two economic and financial news pages, one domestic news page and one of world news. More space will be given to coverage of foreign trade, investment, world finance and stock markets.

The move comes in response to readers' increasing demand for information about China, the world's fastest growing economy.

Founded in June 1981, CHINA DAILY has established high reputation worldwide and boasts a circulation of 200,000 in 150 countries and regions.

The English daily is going electronic and "CHINA DAILY On-line" will be operational starting from January 1995. This will ensure that the paper reaches its readers faster.

Science & Technology

Internet Connectivity 'Major Breakthrough'

HK2812064894 Beijing CHINA DAILY in English 28
Dec 94 p 9

[By Shao Ning: "China's Use of Internet Soars"]

[FBIS Transcribed Text] One day in August, a Chinese scholar studying in the U.S. turned on his computer and linked it to the Internet as he had done many times before. But he found something new.

Nowadays there aren't many surprises in the Internet, the world's largest computer network, which is developing so fast. But he was really excited to see the national flag of the People's Republic of China on his screen!

Moreover, he could access Chinese computer networks as easily as if he was back in China. In a letter home he wrote: "That is a major breakthrough for China."

In fact, China had some links to the global Internet before 1994, when only a few top scientists enjoyed the benefits of the system.

Since China registered on the Internet as the 71st country many users have enjoyed the increased information sources at their fingertips.

Now the users of the Internet in China are scientists, researchers, professors and university students.

According to statistics from the Internet Service, the information transportation between China and the world reached to 7,000 megabytes per day in September, and in October it increased to 11,000 megabytes per day. Still it climbs.

Most of this increase can be attributed to the setting up of the National Computing and Networking Facility of China (NCFC).

The NCFC, also called the Zhongguancun Network in China is the largest synthetic network in China. It connects the networks of the Chinese Academy of Sciences and many campus networks, including those of Beijing and Qinghua universities. This net is now expanding too.

The Network and Information Centre of the Chinese Academy of Sciences (CASNIC), which is also a key national lab of the State, began construction in April 1990. A large network within the scientific and educational society has now been connected.

"The NCFC is a high-tech infrastructure project financed by World Bank loans as one of the key study development projects," said Qi Shunzhi, a CASNIC senior engineer.

The project is sponsored by the Chinese Academy of Sciences, Beijing and Qinghua universities.

The project costs about 70 million yuan (\$8.2 million). This comes from World Bank loans and the State Planning Commission. Other funding is obtained from the Natural Sciences Foundation of China (NSFC) and the State Science and Technology Commission.

NCFC is now composed of a backbone network and campus networks.

The NCFC backbone network is made up of high speed optic fibre, which can transfer 100Mbps (megabytes per second), and a network centre, CASNIC. The high speed optic fibre is interconnected by routers and linked to the CASNIC.

The CASNIC is located in the Zhongguancun area of northwestern Beijing. This zone is now crowded with scores of institutes of the Chinese Academy of Sciences and is surrounded by Beijing and Qinghua universities.

"Nearly all the institutes in the area have had networks for many years, and the two universities have successfully connected their campus networks as a key study development project in 1993," said Qi Shunzhi. "When we connected those networks by using of the 100Mbps optic fibre, the NCFC had been done."

The NCFC now links more than 30 networks of the institutes and the two optic fibre campus networks of Beijing and Qinghua universities. It also links a dozen minicomputers and workstations for network control, network service and database service.

And a set of super computer systems with the computing capability of 500 million to 1 billion floating points per second is scheduled for the coming year.

Besides network management, operation and service, the CASNIC also has a super computer system and provides scientific and engineering computing capability to its users via the network.

"Most significantly, China has built up dozens of databases over the past decade," said Professor Ma Yinlin, the Chief Engineer of CASNIC. "We are planning to connect them to NCFC to serve the users."

The kernel campus network describes those linked by high speed (10Mbps or higher) optic fibres. It includes more than 30 institutes of CAS in the Zhongguancun area, Beijing and Qinghua university campus networks with 100 Ether Nets, 700 minicomputers and work stations and more than 2,000 personal computers.

The NCFC also has other peripheral networks, those linked by low speed (mainly 64kbps or even lower) channels, including networks of CAS in Shanghai, Nanjing and Wuhan, government ministries and commissions, and the building campus networks of universities.

After NCFC linked to the Internet as the State network server, the domestic networks of NCFC can now access global networks in over 90 countries and regions and have E-mail connections with 154 countries and regions worldwide.

The project began in April 1990. In February 1993, the three campus networks passed the examination and were accepted by the State Planning Commission.

In May 1994, international connection with Internet was set up. At the same time NCFC was registered as a network and information centre of the Internet. Since then NCFC has been expanding in Beijing and other parts of the country.

Meanwhile the experts of networks in Beijing solicited opinions from experts both at home and abroad about China's domain name system. Now the address ".cn" has been accepted as a standard in the Internet.

Although the NCFC is only a model network in China, it is the largest national scientific and educational computer network which covers the widest area with the largest number of users and most advanced high performance facilities.

According to the Natural Science Foundation Commission, the State is planning to set up a national network to benefit the scientific and educational society.

"The NCFC will be connected to more domestic networks, especially academic units and universities," said Qi Shunzhi.

"Now we are preparing to increase the connection to the Internet from 64kbps to 1.44Mbps next year—that means the information transportation of 300 Mbps at present will increase by scores more. And it will take the working condition of national scientific and educational circles to a brand new stage."

Medicinal Resources Found on Qinghai-Tibet Plateau

OW2812040994 Beijing XINHUA in English 0339
GMT 28 Dec 94

[FBIS Transcribed Text] Xining, December 28 (XINHUA)—Chinese scientists have discovered, after decades of research, that the Qinghai-Tibet Plateau has abundant resources of traditional Chinese medicine.

The plateau, in Northern China, covers an area of 2.4 million km and is over 4,500 m [meters] above sea level on average. It is dubbed the "roof of the world."

There are 1,615 categories of medicinal plants and animals, and 45 medicinal minerals on the plateau, according to Du Jizeng, head of the Biological Research Institute of the Northwestern Plateau under the China Academy of Sciences, based in this capital of Qinghai Province.

As the Qinghai-Tibet Plateau covers tropical, subtropical, temperate and rigid zones, has a high altitude and long exposure to sunshine, the medicinal plants bear conspicuous regional characteristics, Du said. Because of the long hours of sunshine and unpolluted air, in comparison with other regions, the plants contain more efficient ingredients and higher biological activity.

However, less than ten percent of the resources there have been tapped, experts said.

The Qinghai Sanpu Pharmaceuticals Development Co. Ltd. has been set up here to develop these resources.

Military

Antibiological Warfare Unit Profits From Research

HK2812054494 Hong Kong MING PAO in Chinese 27
Dec 94 p A4

["Special article" by Wong Mei (7806 5019): "Biological Army Unit Does Research in Bacteriological Warfare, Making Profit of 1 Million Yuan Each Year"]

[FBIS Translated Text] Recently, the mainland media disclosed for the first time that the People's Liberation

Army [PLA] has an "anti-biological warfare unit" which is stationed in a certain place in northern China and that the official name of the unit is the "Military Medical Research Institute of the Beijing Military Region."

The research institute looks like a sanatorium or a villa. Inside is a mysterious animal kingdom. Its laboratories are sealed by layers of glass. Its workers are servicemen whose whole bodies are covered in white protective clothing with only their eyes uncovered. Affixed on some glass doors is the warning "Deadly Bacteria Laboratory." It is reported that the harm done by a leak of any drop of bacteria from there would be no less than that caused by a nuclear leakage. The section for flies and mosquitoes is a room with the highest classification in the whole building. In this air-conditioned room, tens of thousands of deadly insects live on quality milk bran and fresh animal blood. To allow sophisticated and accurate experiments there is a constant temperature, constant dampness, and extremely mild sunlight, which are all free from bacteria.

One can say that the specimens room is a hall for commanding battle. The shelves, which touch the ceiling, in the four corners are full of wooden boxes as big as dictionaries. On the shelves are the "Blue Army Exhaustive Lists," namely specimens of deadly insects from the entire battle region.

Wherever the enemy is, its exact position can be located when it appears.

In an extremely common experiment, dozens of flies are placed in a small glass box where ether is injected so the flies are anesthetized. Later, a "medical bomb" is dropped on the flies to kill them. The drop measured 0.001 ml.

At one time, the public health division of the PLA General Department circulated a notice saying that there had been an outbreak of endemic hemorrhage in a certain place. Its major means of infection were rats and their fleas. In order to thoroughly study the various means of communication at the source of the plague, assistant research fellow Shao Xiner took a special trip to the place where most rats were found. He had to catch over 100 rats each day and experiment with them in the heat of the day. In the end, he caught 5,949 rats, and his research results won a PLA Science and Technology Award. At present, the "anti-biological warfare unit" has already put onto the market 16 types of products, including sewage purifying machines, multifunction ozone disinfectors, and hand disinfectants. "Bacteriological warfare" under a peaceful atmosphere brings the special unit over 1 million yuan in profits each year.

The "anti-biological warfare unit" has more than 20 research personnel. Over the past decade, it has completed 61 research projects, 46 of which have won awards. Fu Genming, head of the unit and an assistant research fellow, said: "The PLA does not have an offensive 'biological warfare unit' or 'bacteriological warfare

unit.' But it does have an antibiological warfare unit. All of our research is open to the whole world. It is an angel of world peace and health for humankind."

Jinan PLA Units' Commander Makes Work Report

SK2612070794 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 24 Dec 94

[FBIS Translated Text] The seventh party committee under the Jinan Military Region held its fourth enlarged plenary session in Jinan from 21 to 24 December. The plenary session is mainly aimed at implementing the spirit of the Fourth Plenum of the 14th CPC Central Committee and the spirit of important directives given by the leading comrades of the Central Military Commission. It is also aimed at discussing the opinions of enhancing the party building among the People's Liberation Army (PLA) units, analyzing and dealing with the major problems cropping up in the leading work, and summarizing or arranging the fiscal work.

Attending the plenary session were Du Tiehuan, secretary of the Jinan Military Regional CPC Committee; Zhang Taiheng, deputy secretary of the military regional party committee; as well as the members of the military regional party standing committee—including (Yan Shizong), Pei Huailiang, Wang Jiying, Zhang Wendai, Tan Naida, Qian Guoliang, Yuan Shoufang, and Hao Baoqing.

Comrade Zhang Taiheng delivered a work report at the plenary session on behalf of the military regional party standing committee. The report points out: Party committees at all levels throughout the military region have concentrated their efforts on successfully grasping the implementation of work in various fields this year by consciously abiding by the whole situation in the party and state work and by inheriting or developing the PLA fine tradition. A fine situation, in which the work to build up PLA units has continuously achieved healthy development and been stably upgraded, has taken shape. The construction of ideological and political affairs has been further enhanced. A fine situation unprecedented for many years in the studying activities for the theory of building socialism with Chinese characteristics has cropped up. The consciousness and firmness harbored by the broad masses of officers and soldiers in implementing the party's basic line have been further strengthened.

On the work arrangements of 1995, Comrade Zhang Taiheng pointed out: In 1995 we should emphatically grasp the affairs at the grass-roots level, the implementation of work, and the responsibility system. We are guided by the ideology of Comrade Deng Xiaoping with regard to building up the Armed Forces in the new historic period and according to criterion given by Chairman Jiang Zemin with regard to being qualified in politics, being perfect in handling the economic work,

being fine in work style, being strict in enforcing the discipline, and being sure of advantages.

Comrade Du Tiehuan delivered an important speech at the enlarged plenary session.

Economic & Agricultural

Li Peng Signs State Council Order on Coal Production

OW2712132194 Beijing XINHUA Domestic Service in Chinese 2143 GMT 26 Dec 94

["The PRC State Council Issues Decree No. 168"—XINHUA headline]

[FBIS Translated Text] Beijing, 27 Dec (XINHUA)—The PRC State Council hereby issued Decree No. 168, promulgating the "Administrative Procedures for Permits on Coal Production." The procedures are effective immediately.

[Signed] Premier Li Peng
[Dated] 20 December 1994

Signs Order on Rural Coal Mines

OW2712132294 Beijing XINHUA Domestic Service in Chinese 2143 GMT 26 Dec 94

["The PRC State Council Issues Decree No. 169"—XINHUA headline]

[FBIS Translated Text] Beijing, 27 Dec (XINHUA)—The PRC State Council hereby issued Decree No. 169, promulgating the "Regulations Governing Village and Town Coal Mines." The regulations are effective immediately.

[Signed] Premier Li Peng
[Dated] 20 December 1994

State Council Issues Circular on Stable Prices

OW2812012394 Beijing XINHUA in English 0113 GMT 28 Dec 94

["Urgent - China To Tighten Price Control"—XINHUA headline]

[FBIS Transcribed Text] Beijing, December 28 (XINHUA)—The State Council has issued a circular demanding that governments at all levels keep prices stable before and during the Spring Festival, or the traditional Chinese New Year, which falls on January 31.

On September 6 this year Premier Li Peng announced at a national conference ten measures to stabilize prices.

The circular notes that state-run businesses must play a guiding role in market supply during the festival, and the market-regulated food prices must be stabilized through the control of profit rates and the exercise of price ceilings.

The circular also demands that governments at all levels alleviate the farmers' burdens effectively after the Spring Festival, when the spring plowing begins.

Any operation which could disturb the market order, such as recklessly competitive purchase of agricultural products and illegal raising of their purchase prices, must be firmly stamped upon, it points out.

It also stresses that pricing departments must strengthen the control of prices.

The circular demands that governments at all levels take measures to look after retirees and lower-income people, and enhance the inspection of the prices of daily necessities and services.

State Council Urges Regulation of Pharmaceuticals

HK2712061394 Beijing CHINA DAILY in English 27 Dec 94 p 1

[By Zhu Baoxia: "Government Set To Ban Fake Medicine Production"]

[FBIS Transcribed Text] The State Council has urged provincial governments to tighten inspections and regulation of the country's expanding pharmaceutical markets early next year of all units producing and marketing medical products. Peng's call came during an address in Beijing at the opening of a four-day national conference of pharmaceutical administrators.

"All units which failed to meet State requirements must be closed and the situation must be rectified within a prescribed period of time or they will be banned from the business," said Peng.

And individuals and units found to profiteer from producing and selling fake or substandard medicines will be punished severely, Peng added.

This comes in response to SPA statistics revealing that more than 80,000 cases of producing and selling substandard or bogus medical products have been uncovered since 1985.

The production and sale of such medical products have spread from medicinal herbs to chemical, imported and even toxic medicines, officials said.

Peng said medical products are special commodities which directly impact public health, and stressed that all government levels are duty-bound to provide the public with safe and effective medicine.

The State Council also has decided to set up a joint pharmaceutical inspection steering committee to ensure that inspections are conducted smoothly.

The committee, which will be composed of officials from all relevant State departments, will be overseen by the Ministry of Public Health and the SPA.

All enterprises in the field will have to apply for new licences and undergo inspections from concerned State departments.

Countryside medicine fairs dealing in items other than traditional Chinese herbs must be banned, SPA Director Zheng Xiaoyu said.

The SPA has planned to establish more State medicine trading centres in the countryside, as well as some for China's transient population, so that all citizens have convenient access to safe medicines, said Zheng.

Financial Reforms To Focus on Taxation

HK2812090194 Beijing XINHUA Domestic Service in Chinese 1118 GMT 14 Dec 94

[By Ding Jianming (0002 1017 6900)]

[FBIS Translated Text] Beijing, 14 Dec (XINHUA)—This reporter has learned from the national financial work conference, which is being held here, that the tasks of China's fiscal reform for next year have basically been confirmed, and the focus of the reform is to perfect and deepen the various reforms already introduced so far this year, strive to make new progress in some areas, and, moreover, actively participate in and implement the various complementary reforms needed for the establishment of a modern enterprise system.

The unified arrangement of the CPC Central Committee and the State Council is that since January this year, China has greatly reformed its fiscal and tax structure and has put into practice a financial system where taxes are divided, carried out structural reform of the tax system, and established two tax administration organizations, namely, the State Tax Administration and local tax administrations. It is learned that with the efforts made by various quarters over nearly a year, breakthrough progress has been made in fiscal and tax reform and the framework of the new fiscal and tax structure has basically been established.

Financial Minister Liu Zhongli said that the results scored in fiscal reform are only of this stage and must not be overestimated. For example, although the framework of the tax-division system has been established at the provincial level, tax systems below provincial level in some regions have not been completely confirmed. Some specific regulations have not been standardized and are not rational enough. Problems which have surfaced during the implementation of the new tax system have yet to be resolved. It remains a rather heavy task to continue to perfect and deepen fiscal and tax reform.

In order to further perfect and deepen reform of the fiscal and tax structure, the Ministry of Finance holds that the tax-division structure must be continuously implemented and further perfected next year, and problems which have surfaced during the implementation of the new tax system this year will be continuously studied and tackled to speedily perfect the circulating tax system.

Governments at all levels are not allowed to grant tax cuts and exemptions in a modified way by adopting "flexible" or "transitional" methods so they can prevent the tax system from being distorted and the old tax system from being revived. Moreover, they must strengthen the collection and management of revenue income, particularly by studying and improving the collection and management of personal income tax.

It is learned that in order to match the modern enterprise system and reform of the social security system, the Ministry of Finance stated that it will formulate financial and fiscal policies as soon as possible next year on the transformation of state-owned enterprises to a corporate system, standardize the financial behavior of enterprises during their transformation, confirm the method of profits distribution from state-owned enterprises' assets in keeping with different situations, and quicken the formulation of methods for the supervision and management of enterprises' finance and accounting. Besides, the Ministry of Finance will study the question of establishing, as soon as possible, a social security fund and financial and accounting systems for organizations that manage the fund; standardize the imposition, collection, payment, and management of the fund; and standardize withdrawal methods and use of management fees by those organizations managing the fund.

Audits of State Revenues To Increase

OW2712162794 Beijing XINHUA in English 1526
GMT 27 Dec 94

[FBIS Transcribed Text] Beijing, December 27 (XINHUA)—China is to step up efforts in auditing and supervising state revenues, expenditures and assets in a bid to take effective control of the national economy, according to the State Audit Administration.

Speaking at an audit conference here today, the administration's Chief Auditor Guo Zhenqian said that beginning next year, audit offices at each administrative level are supposed to audit the government budget at that particular level in keeping with the newly-promulgated Audit Law.

He said that the State Audit Administration will carry out audits on the implementation of the state budget and finances at the provincial level in 1995.

He urged local offices to enhance their awareness of state assets with attention paid to enterprises suffering great losses but surviving with huge sums of state subsidy.

On the other hand, Guo said, audit offices at all levels are to strengthen the audit of joint ventures where state assets far exceed investment from other quarters.

Meanwhile, the country's auditors will conduct audits of financial institutions and key construction projects across the country in a unified way.

Guo added that the State Audit Administration will continue to pay special attention to loans extended by

the World Bank and the Asian Development Bank, and standard audit reports in line with international practices will have to satisfy overseas investors.

During the January-November period, China audited more than 143,000 units throughout the country, with compensations and fines paid by finance law offenders topping 3.31 billion yuan (390 million U.S. dollars), up 122 percent from the same period of last year.

At present, China has more than 3,600 audit offices across the country with employees totaling 43,000.

'Leader' Outlines Guidelines for Enterprises System

HK2812090494 Hong Kong TA KUNG PAO in Chinese
24 Dec 94 p 4

["Special dispatch": "Central Leader Puts Forth Seven-Point Guideline for Establishment of Modern Enterprise System"]

[FBIS Translated Text] Beijing, 23 Dec (TA KUNG PAO)—A central leader recently proposed a seven-point guiding ideology on the establishment of a modern enterprise system. In his view, the way the central authorities have explicitly set the focus of reform next year on large and medium-sized enterprises is unprecedented in history, and there has never been such a concept in the 15 years' of reform. The establishment of a modern enterprise system is a continuation and intensification of the practice of enterprise reform over the past 15 years, as well as the enrichment and development of the theory of the socialist market economy. The purpose is to seek a microscopic form of realization where public ownership organically integrates with the market economy, as well as an effective enterprise organization system for the state-owned economy under the conditions of a market economy. In the process of vigorously exploring and establishing a modern enterprise system, it is necessary to uphold the guiding ideology as follows:

It is necessary to insist on proceeding from the actual conditions of Chinese enterprises. To establish a new enterprise system, it is necessary to start by solving the real problems of state-owned enterprises, to insist on seeking truth from facts, and to liberate and develop the productive forces to the greatest extent.

It is necessary to insist on treating public ownership as the mainstay. To establish a modern enterprise system and to form a new property ownership structure, it is not only necessary to prepare the ground for equal market competition between all sorts of economic ownership systems but also to give play to the superiority of public ownership and to constantly strengthen it, thus guaranteeing the dominant position of the state-owned economy in the national economy.

It is necessary to insist on being bold and innovative and brave in exploration. To establish a new enterprise

system and operating mechanism, it is not only necessary to follow standardized operations but also to be bold in making breakthroughs. Never should one regard the present understanding as a fixed form for fear of fettering innovations in the enterprise system.

It is necessary to insist on giving specific guidance according to different areas and to proceed in an orderly and systematic manner. It is necessary to fully understand and be prepared for the long-term nature and difficulties of enterprise reform, pay attention to accomplishing pilot projects, constantly sum up experience, and guard against rushed actions.

It is necessary to insist on implementing coordinated sets of reforms. The current focus of reform is to genuinely transform government functions and set up a social security system to work out solutions to problems which enterprises cannot solve on their own account.

It is necessary to insist on integrating China's successful experience and innovative moves in enterprise reform with international practice and to draw on international experience by proceeding from China's national conditions.

It is necessary to insist on paying primary attention to practice. The mainstay of establishing a modern enterprise system are enterprises and entrepreneurs. It is necessary to respect the pioneering spirit of the masses, to make improvements on the basis of grass-roots innovations, and to take them as guidance for the whole nation.

Commentator Urges Following Central Policies

HK2812065094 Beijing JINGJI RIBAO in Chinese 14 Dec 94 p 1

[Commentator's article: "Appropriately Set Relationship Between Parts and the Whole"]

[FBIS Translated Text] How to handle relations between the local and central authorities and between the partial and overall situation is a vital issue in economic work. The overall situation of economic work is formed by individual parts of the situation, but it is not formed by simplistically putting these parts together. Although the foundation and conditions of economic growth vary in different localities, a unified policy environment and market system as well as the close economic relations and interdependence between regions have determined that China's national economy is a close and inseparable entity under which the parts cannot be separated from the whole, nor can they be separated from one another. As the old saying goes: "All activities in a nation should be coordinated as in a chess game." Under socialist market economic conditions, the overall pattern of "coordinating all activities in a nation as in a chess game" has not changed.

To place the parts in a correct relationship to the whole, first of all we must view the situation as a whole and

genuinely unify our thinking on the overall tasks of the entire country. We now face a complex situation. On the one hand, reform and opening up are advancing steadily and the national economy keeps growing rapidly; on the other hand, commodity prices remain high, the agricultural foundation is still weak, and some enterprises are experiencing operational difficulties. Achievements are mingled with problems, while challenges and hopes coexist. In a bid to acquire a comprehensive, scientific, and sober understanding of the complex economic situation, we should stand high and see far so that we still have an overall situation of the entire country in mind. We should not be intoxicated with prosperity in a certain locality, nor should we be frustrated about some temporary predicaments. What is more, we should form correct judgments on the deep-rooted problems that exist in economic work and should have definite objectives in view so that we can hit the crux with dialectical methods in the areas of controlling prices, curbing inflation, readjusting the economic structure, invigorating state-owned enterprises, and so on. At present, the key to unifying our thinking lies in integrating our ideas with the 20-character principle [seizing the opportunity, deepening reform, opening wider to the outside world, promoting development, and maintaining stability] of the central authorities and having a good grasp of the overall situation of reform, development, and stability.

Only by viewing the situation as a whole can we acquire a correct understanding of it, and only by taking great pains to judge the situation in its specific aspects can we genuinely resolve problems. There are principles, both major and minor, for everything. On some issues it is obviously good and adequately reasonable for us if they are taken from a partial and immediate point of view, because, if taken as a whole and from a long-term perspective, they would be useless or even harmful to the major principle of reform and development. Minor principles must be subordinate to major principles. We must know that a slight move in one part can affect the situation as a whole. If partial problems are not properly handled they will directly affect the development and stability of the overall situation. "With the skin gone, what can the hair adhere to?" If the overall situation is not secured, how can a part of the situation be safe? This is plain truth. In the process of economic transformation, we should straighten out the price system on one hand and control inflation on the other. To handle this relationship properly, we must have foresight to view the situation as a whole and pay attention to the stability of the entire economy. We must not think that controlling inflation is the business of the central authorities and has nothing to do with the localities and that is why they need not care about it. It is understandable that certain necessary price adjustments should be made by the various localities, but they must be carried out deliberately through studying and weighing the conditions after giving consideration to the tolerance of society and the masses and taking into account the impact on their "neighbors."

In rectifying inflation, some comrades like to make unrealistic comparisons, while others adopt a wait-and-see attitude. In their view, if prices are reduced here but increased there, commodities will flow there so that money will be earned by someone else. Do we not suffer by doing this? If everybody is making his own selfish calculations like this, the goal of controlling price rises will come to nothing. Conversely, if everybody proceeds from the overall interests and takes firm control of curbing soaring prices in a concentrated way according to the central direction, then there will not be any question of who suffers losses and who gains extra advantages. In this way, the objective of curbing price rises put forth by the central authorities will hopefully be achieved. In order to appropriately handle the relationship between the partial and overall situation, we must safeguard the authority of the central leadership and oppose decentralization and local chauvinism. After a dozen years of reform, China's economic structure has initially accomplished the change from high centralization to moderate and rational decentralization. On the basis of rationally dividing the responsibilities and powers of the central and local authorities in terms of economic management, the full display of central and local initiative is a major guiding principle of structural reform.

In a bid to correct the disadvantages of excessive centralization that existed in the planned economic structure, we should vest governments at various levels with the necessary powers for economic regulation, show respect for the policy decisions and deployments made by various localities in their economic work, and let localities handle their own affairs more independently. However, delegating and decentralizing powers are not the total contents of restructuring the economy, and the moderate decentralization of powers is not equal to decentralization and local chauvinism either. The full release of local enthusiasm should be a combination of implementing central guidelines with finding a foothold in local conditions, as well as the unity of holding responsibility for local people and the people of the entire country.

In order to achieve a smooth transformation from a planned to a market economy and to push forward reform, opening up, and modernization in country like China, which has a large population, a vast territory, multiple nationalities, and an underdeveloped economy, we must have a staunch central leadership collective and core, a powerful centralized leadership, centralized powers of macroeconomic regulation and control, and a pledge for the unimpeded implementation of central orders and decrees. Once a decision on a matter is made, various parties and localities must put it into practice conscientiously, and the principles and policies of the central authorities should be carried out in a steadfast and comprehensive manner.

We should note that some difficulties and problems that have cropped up in the current economic work have,

without a doubt, stemmed from complicated factors in many aspects and have something to do with the ineffective implementation of some set principles and policies of the central authorities in practice. Since the second half of last year, the central authorities have put forward the issue of preventing an overheated economy, further defined the 20-character principle as the general work requirement of the entire party and country at the beginning of this year, and worked out a series of relevant policies and measures. In light of excessively rapid price rises, the central authorities also proposed the target of controlling the rate of price rises below 10 percent. In September, the State Council also promulgated 10 measures for stabilizing market prices and curbing inflation.

Generally speaking, the conditions to implement these central principles and policies are good, and they have guaranteed the healthy development of the economic mainstream. However, some policies and measures have indeed not been duly heeded by the localities and, therefore, have not been resolutely implemented. Some comrades have treated central policies with an attitude of parochial "pragmatism" in which they have taken partial interests as the criteria, practicing those that are advantageous to them while avoiding the disadvantageous ones. In some localities, the scope of investment in fixed assets is too large to be effective; the craze of blindly contending for investment, enlarging the investment scale, and setting up new projects has not abated; there are no effective measures to constrain excessively rapid growth of consumption funds; and the malpractice of arbitrarily raising prices, pooling funds, and imposing apportionments have not been rectified despite repeated prohibitions. If things go on like this, it will be very difficult to maintain a balance of total supply and total demand and the good momentum of reform and development may be damaged. Such tendencies as the defiance of orders and disregard for prohibitions must not be allowed to go unchecked. Only by genuinely safeguarding the authority of the central leadership can we march in step with all the executed orders and prohibitions avoided and can we ensure that the national economy will advance vigorously in a coordinated and orderly fashion.

The in-depth reform has exposed some deep-rooted problems in our structure, and sustained and rapid economic growth has brought greater pressures in the macroeconomic environment. We are now taking part in a relatively intense competition as if in a tug-of-war. If we make greater efforts and add extra vigor, victory is in view. However, if some people slacken or let go of their grip, then we will definitely lose. Therefore, as long as we work with concerted efforts with one heart and one mind and share the same lot through thick and thin, we will be able to surmount difficulties, seize opportunities in our hands, and achieve the magnificent goal of in-depth reform and accelerated development.

RENMIN RIBAO Lauds Measures Against IPR Piracy*HK2812113694 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 28 Dec 94 p 3*

["Intellectual Property Rights in China" column: "State Copyright Administration Has Done Well in Blocking Sources of Pirated Audio Visual Products"]

[FBIS Translated Text] Beijing 27 Dec (RENMIN RIBAO)—In order to further improve our country's copyright protection environment, the State Copyright Administration and various local copyright administration and management departments have increased the weight of administration and law enforcement according to our country's relevant law this year; with support from the relevant departments, they have investigated a large number of copyright infringement cases and the law-breakers have been given the punishment they deserved.

Pirating of audio visual products is the most acute problem at this time. In April this year, seven departments, including the CPC Central Committee Propaganda Department and the State Copyright Administration, issued a circular on strengthening the work in managing duplication of laser discs and seriously cracking down on copyright infringements. The relevant provinces and municipalities such as Guangdong, Shanghai, and Beijing then took immediate action by launching large-scale campaigns against piracy, thus forcefully checking the spread of the pirating tendency.

Thereafter, the State Copyright Administration joined hands with local copyright management departments in tracing the sources of pirated products and handled the infringements committed by Wujiang's Baodie Electronics Company, Shenzhen's Shenchu Electronic Equipment Factory, Foshan's Jinsheng Electronics Company Limited, and Nanhai's Mingzhu Audio Visual Company.

At the same time as they cracked down on pirated audio visual products, the country's copyright departments also vigorously investigated piracy in other domains. In order to understand the situation, the State Copyright Administration sent personnel to Guangdong, Hubei, Tianjin, and Liaoning to look for clues and solve the problems.

At present, they are investigating a number of cases, including the case of the pirated copy of "Two-Way English."

According to information, regarding the complaints presented by foreign copyright owners to our country's copyright administration and management departments, the relevant departments have accepted all the cases according to the Universal Copyright Convention. U.S. Article [ya te gao 7161 3676 7559] Company in Ohio State and Japan's Singer [0013 0857] Company complained to the State Copyright Administration about

infringements upon their creations and the State Copyright Administration thoroughly looked into the cases and then punished the pirates according to the relevant law.

In order to protect the rights and interests of copyright owners more effectively, the State Copyright Administration has formulated a series of measures, including a system of registering the contracts on duplicating and processing audio visual products which involve foreign firms. At present, all these regulations have begun to be implemented.

Column Promises More on IPR Issues*HK2812113894 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 28 Dec 94 p 3*

[Open letter from the unidentified "Intellectual Property Rights in China" columnist: "State Copyright Administration Official Interview and a Series of Analytic Reports Published Soon"]

[FBIS Translated Text] Dear readers:

Thank you for your enthusiastic support since the opening of this column and thanks to the readers who have provided us with valuable clues.

Today, we carry a report on the situation regarding the investigations into copyright infringements. The "Intellectual Property Rights in China" column has also invited Shen Rengan, deputy director of the State Copyright Administration, to begin discussing the current copyright condition in China. The contents will include:

1. The current level of intellectual property rights in China.
2. Effective protection for foreign copyright owners in China.
3. The current situation of "pirated" copies in China.

In addition, this column has carried reports on two intermediate people's courts in Guangdong closing down three factories which were accused of infringement and will soon carry follow-up reports.

PRC To Further Open Up Sales Market in 1995*OW2712140694 Beijing XINHUA in English 1353 GMT 27 Dec 94*

[FBIS Transcribed Text] Beijing, December 27 (XINHUA)—China will open its sales market wider to foreign investors next year, said a senior government official here today.

At the National Commodity Circulation Conference which opened here today, Minister of Internal Trade Zhang Haoruo said that China will further conduct pilot experiments in introducing Sino-foreign retail sales enterprises and chain stores.

The move is intended to fully tap potential resources both at home and abroad, to beef up China's circulation of goods, and to strike a balance between supply and demand in the domestic market, he said.

China is considering introducing chain stores and agents in an effort to merge with international practices, Zhang said.

Joint ventures such as the Beijing Lufthansa Friendship Shopping Center and the one in Shanghai are early results of the experiment. Another two are being examined for approval, he said.

China's pioneering experiments in the business of retail sales, approved by the State Council, were in Beijing, Tianjin, Guangzhou, Shanghai, Dalian, Wuhan, and the Special Economic Zones of Shenzhen, Xiamen, Zhuhai, Shantou and Hainan.

"More pilot experiments in the circulation of goods will be carried out when we are more experienced," he said.

China has also considered setting up joint-venture wholesale enterprises in places where the conditions are ripe.

The minister noted that China will encourage foreign investment in value-added and high-tech products to upgrade the circulation of goods.

Official Views Implementation of Compensation Law

OW2712142694 Beijing XINHUA in English 1416
GMT 27 Dec 94

[FBIS Transcribed Text] Beijing, December 27 (XINHUA)—The implementation of the State Compensation Law will be of great significance not only for guaranteeing people's rights and interests, but also for keeping the government clean, a law official said today.

In explaining the law, which becomes effective on January 1, 1995, a member of the Bureau of Legislative Affairs of the State Council said that the Compensation Law, following similar articles in the Administration Procedure Law, defines the scope, procedure and standards concerning compensation, as well as claims for criminal cases.

"The promulgation of the compensation law signifies the forming of a complete state compensation system," he noted.

He told reporters that according to the Constitution, people who suffer losses as a result of government departments or employees infringing upon their rights and interests have the right to file for compensation according to law.

"Government departments and their employees should correct wrongs in their work and compensate people for losses. This is determined by the nature of our country," the official said.

According to the law, all locales and departments can make stipulations on the procedures concerning the hearing of claims and on deciding the compensation in line with the actual conditions," said the official, adding that they can also handle such cases according to regulations on administrative appeal.

Institutions liable for compensation are to order those responsible for serious offences to pay partial or full compensation.

"This mechanism is designed to enhance the sense of repentance of the offender," he observed.

He said that the implementation of the state compensation system will place higher demands on legislative work, and that measures should be taken to curb the possible tendency to either abuse or be slack in enforcing the law.

Murdoch Attempts Access to Pay-TV Market

HK2812062294 Hong Kong EASTERN EXPRESS in English 28 Dec 94 p 1

[By Simon Twiston Davies]

[FBIS Transcribed Text] Rupert Murdoch's News Corporation is attempting to get its multibillion-dollar Star TV satellite television network into the Chinese pay-TV market through a technology-based subsidiary.

Star TV, along with all other international satellite television channels, was effectively banned from Chinese screens about a year ago after a state directive condemning uncontrolled international TV signals as "cultural pollution".

Last month, Ai Zhisheng, the minister responsible for television at the Ministry of Radio, Film and Television (MRFTV), said Chinese citizens needed to be shielded from the "decadent ideas and bourgeois lifestyles" promoted by foreign television networks.

On December 16, however, executives from a News Corp subsidiary, News Data Communications (News Datacom), outlined to the Chinese government a plan to respond to China's concerns about control of pay-TV satellite programming while permitting its dissemination.

After a week in Hong Kong assessing progress made by Star TV and his other interests, Murdoch, the chief executive of News Corp, followed up the MRFTV meeting with a personal visit to China to reinforce the News Datacom message. He was believed to have been accompanied by Star TV's chief executive, Gary Davey.

To ease Chinese concerns raised by Star TV's impact during its early months on air over China, Murdoch probably recanted his statement that satellite television will inevitably destabilise totalitarian regimes, made in a public speech in September 1993.

That speech, according to industry analysts, did as much as anything to cause Beijing's clampdown on satellite dishes.

Others present at the News Datacom-MRFTV meeting included representatives of a British-based electronics company, Pace Micro Systems, and News Corp's satellite-television software partner, NTL. Representatives of Star TV were not in attendance.

"This was deliberately not a pitch for Star TV," one of the executives who attended the Beijing presentation said. "We did not want to spook the Chinese. It was a presentation of technology options.

We didn't talk costs or numbers. The idea was to sell the flexibility of the system, and the reaction was very positive."

Among the options laid before ministry officials by Chaim Forst, News Datacom's regional director, was a subscriber management system, that would control all pay-TV signals entering China. A conventional subscriber management system monitors exactly who is paying for subscription television programming. It is able to connect and disconnect any subscriber. Receiving the raw satellite feeds, the system's master-control unit, based in Beijing, would rebroadcast, in a digitally encoded format via a second satellite, all channels approved by Chinese censors.

These signals would go to 31 provincial decoding centres equipped with News Datacom "smart card" decoding technology. They would distribute selected channels to local cable-TV networks. In time, these would probably include Star TV's subscription-TV services and any other approved satellite channels. If the authorities so desired, they could disconnect any service immediately.

With a possible 10 pay channels per cable system, a decoder would be needed for each channel at each provincial centre, creating a demand for at least 50,000 Pace Micro System decoders. Pace already has a deal in Thailand to supply similar equipment.

"The hidden agenda could be that News Corp would also have the ultimate control of all pay-TV satellite programming going into China," said a Hong Kong-based satellite technology executive.

"If anyone wanted to gain access to the Chinese pay-TV market they would have to use News Corp's technology and their smart cards. It's a brilliant scheme—if Murdoch can pull it off."

Three Gorges' Business Opportunities Noted

OW2812044094 Beijing XINHUA in English 0356
GMT 28 Dec 94

["News Analysis: Three Gorges Project Offers Huge Opportunities for Overseas Businessmen"]

[FBIS Transcribed Text] Beijing, December 28 (XINHUA)—The Three Gorges Dam, the world's largest hydroelectric engineering project, is expected to provide huge business opportunities for overseas businessmen in the next one and a half decades.

The project, which was officially launched by Chinese Premier Li Peng earlier this month, involves enormous demands for funds, equipment, technology and construction materials, unmatched by any other such project in the world.

"As one of the world's top-ten engineering projects, the dam not only belongs to China, but also to the rest of the world," said Lu Youmei, general manager of the China Three Gorges Corp.

"There will be no hydroelectric project as large as this one in the next two decades or even half a century," the general manager quoted experts as saying.

The total installed generating capacity of the Three Gorges Hydropower Station will amount to 18.2 million kw, making it the largest in the world.

About 146.8 billion yuan (some 17 billion U.S. dollars) will be required for its construction during the years 1993-2003, including three billion U.S. dollars in foreign funds to be raised overseas for the purchase of heavy equipment and machinery, particularly the 26 turbine generators with generating capacities of 700,000 kw each.

The project will cost about 90 billion yuan (about ten billion U.S. dollars), calculated at 1993 prices, including 40 billion yuan for the resettlement of about 1.13 million local residents.

Officials in charge of the project said they are considering issuing overseas bonds, using commercial foreign loans and export credits.

The generators will be the most lucrative part of the imported equipment.

The officials said the first generators to be used will be purchased abroad, and their technology will then be used for jointly manufacturing the rest.

The generators, together with large shiplocks, and power transformer and transmission systems to be imported or jointly manufactured, offer good business chances for overseas manufacturers and good chances for international technological development. The potential is also huge for international consultants and the application of hydroelectric technology, said the officials, adding that there are many technological and managerial problems to be tackled, such as concrete pouring plans, large amounts of earth-moving work and generator technology.

In the eyes of international businessmen and engineering companies competing for involvement in construction of the world's largest project, immediate profits are not the most important thing.

"Even if we win a share of the project at a price lower to ordinary one, we would eventually benefit much more," said the president of a leading U.S. engineering company.

For most companies, participation in the Three Gorges project is their best advertisement.

A total of 295 overseas businessmen from nearly 20 countries have come to China for talks on co-operation in the project during the past year.

Economists say vast business opportunities have also emerged from China's opening up of the cities of Yichang, Fuling and Wanxian in Hubei and Sichuan provinces, areas with a population of more than 10 million and where 1.13 million residents have to be resettled during the project.

NPC: Law To Protect Overseas Chinese Investment

OW2712135794 Beijing XINHUA in English 1326
GMT 27 Dec 94

[FBIS Transcribed Text] Beijing, December 27 (XINHUA)—It is imperative that China enact laws protecting the interests of overseas Chinese investors and their relatives, said members of the Overseas Chinese Committee under the National People's Congress (NPC).

The comment came at a plenary session of the committee discussing two proposals on legislation in this regard to safeguard the investment of overseas Chinese or their relatives. The proposals were raised by the Presidium of the Second Session of the Eighth National People's Congress (NPC).

"The two proposals reflect the wishes of overseas Chinese and returned overseas Chinese upon the government to legalize the management of enterprises involving investment by them or their relatives," said Liu Zhenhua, vice chairman of the committee.

Members of the committee said that the protection of citizens' investment both at home and abroad is practised widely by all nations of the world.

"In the case of China, it is also necessary as a way to meet the demands of economic development," said Liu.

According to the Chinese Constitution, "the state protects the legitimate rights and interests of overseas Chinese and their relatives."

In addition, the law on protecting returned overseas Chinese requires local governments to give appropriate backing to industrial and commercial enterprises financed by returned overseas Chinese and their relatives.

Some enterprises funded by overseas Chinese or their relatives have encountered setbacks in management due to the lack of comprehensive legislation, Liu acknowledged.

In view of that, Liu said, the committee has listed research work concerning the enactment of the law on its five-year legislation plan.

Foreign Banks Reportedly Allowed in 9 Cities

HK2812062094 Hong Kong AFP in English 0530 GMT
28 Dec 94

[FBIS Transcribed Text] Hong Kong, Dec 28 (AFP)—China plans to allow foreign banks to open branches in nine inland cities under a banking reform programme, it was reported Wednesday.

Proposals to allow foreign-owned banks to set up branches in Beijing, Hangzhou, Wuhan, Chengdu, Xian, Hefei, Shenyang, Shijiazhuang and Chongqing were approved by the State Council, the Hong Kong Economic Times said in a report quoting sources at a meeting of the central People's Bank of China.

There are 116 foreign bank branches, including 107 joint ventures, in 13 coastal cities in China, and another 379 representative offices of foreign banks or joint ventures in 18 Chinese cities.

Foreign banks were allowed to set up branches following the introduction of the banking reforms in early 1994, which were in part aimed at strengthening the independence of China's central bank and transforming the state's specialized banks into commercial banks.

Foreign Banks Provide \$30 Million Loans to CIB

OW2812132194 Beijing XINHUA in English 1309
GMT 28 Dec 94

[FBIS Transcribed Text] Beijing, December 28 (XINHUA)—The China Investment Bank (CIB) signed a loan agreement worth 30 million U.S. dollars here today with foreign banks.

The seven-year syndicated loan was granted by the Mitsubishi Bank, the Mitsui Trust and Banking Co. Ltd, the Development Bank of Singapore Ltd, and the Norinchukin Bank.

The loan will be used for the introduction and renovation of technology in a dozen projects in the fields of textiles, dyeing, medicine and light industry, among others.

The CIB has raised 1.7 billion dollars in medium- or long-term loans from the World Bank, the Asian Development Bank, and other foreign banks and governments.

State Development Bank Outlines Credit Policy

OW2812140294 Beijing XINHUA in English 1349
GMT 28 Dec 94

[FBIS Transcribed Text] Beijing, December 28 (XINHUA)—The State Development Bank (SDB) will

increase its credit for agriculture production or agriculture related projects by at least 20 percent in the coming year, according to a senior official.

"Agriculture is at the top of our bank's credit list in 1995. A 20 percent increase in loans is the minimum," said SDB president Yao Zhenyan at a press conference here today.

SDB has provided over six billion yuan in loans to the agricultural sector since it started operation in early April of this year.

Yao said that these loans will be used to help increase the country's annual grain output by 50 billion kilograms to 500 billion.

SDB is shouldering a considerable portion of government loans to the Three-Gorges-Dam project. Its credit line for the dam construction is already projected at three billion yuan for 1995, the same as this year's amount.

Yao explained that the bank will raise funds from overseas sources for the dam project next year to make up for fund shortages.

In joining the Government's battle against inflation, SDB will strictly control investment in fixed assets and will not extend loans beyond the credit cap set by the central bank, and loans will be concentrated in key infrastructure projects and basic industries, Yao noted.

To date, SDB has extended 81.8 billion yuan in loans to over 380 key projects. Of those, 24 billion went to the power industry, 12 billion to coal mining, and 11.5 billion to railway construction.

The president noted that SDB's total credit for 1995 will see a minor increase despite a tight fiscal and monetary policy. However, the bank will stress investment efficiency and avoid investment risks.

"As a bank, we can not afford to operate at a loss. We have the right to say no to credit applicants if we find the project inefficient and have little hope of regaining our investment," said Yao.

Major Banks Grant Holiday Loans

OW2812095894 Beijing XINHUA in English 0942
GMT 28 Dec 94

[FBIS Transcribed Text] Beijing, December 28 (XINHUA)—Branches of major Chinese banks in Beijing, Tianjin and Shanghai have granted a total of 615 million yuan in loans for preparation for the coming New Year and Spring Festival holidays.

Branches of the China Bank of Industry and Commerce in the three leading Chinese cities have granted loans mainly to help state-owned supermarkets and stores to buy goods for holiday consumption on the New Year's holidays and the Spring Festival.

In Beijing 129 million yuan was loaned to help purchase pork, beef, mutton and sugar. A total of 136 million yuan became available in Tianjin and 150 million yuan in Shanghai for state-owned shops.

This is part of the efforts the Chinese government is making to help slow price rises in major Chinese cities, where the price of consumer goods rose sharply in the latter half of the year.

Shanghai Stock Exchange Increases Trading

OW2712163094 Beijing XINHUA in English 1602
GMT 27 Dec 94

[FBIS Transcribed Text] Shanghai, December 27 (XINHUA)—The Shanghai Securities Exchange in the metropolis of Shanghai has chalked up more than two trillion yuan in volume of trade in securities this year.

The figure is 10 times the corresponding statistics for last year, officials with the exchange told XINHUA.

Information released today by the exchange shows that up to December 23, the total volume of transactions of securities of various kinds at the exchange reached 2.33 trillion yuan, with 'a' shares making up 557.6 billion yuan, 'b' shares, 10.8 billion yuan, and futures tradings of state treasury bonds, 1.7 trillion yuan.

The aggregate trading volume of 'a' and 'b' shares stood at 238 billion yuan last year, but the figure rose to 568.4 billion yuan this year.

The volume of trading in treasury bonds for this year has surpassed last year's level and the securities exchange has become the country's largest trader in state treasury bonds, said the officials.

Crackdown on Illegal Forex Futures Trading

OW2712132594 Beijing XINHUA in English 1233
GMT 27 Dec 94

[FBIS Transcribed Text] Beijing, December 27 (XINHUA)—China is intensifying the crackdown on illegal futures trading of foreign exchanges, as the Beijing municipal government has ordered suspension of such trading by all institutions involved by the last day of this month.

Four government bodies held a joint meeting earlier this month to promote the implementation of a circular on investigation and punishment of illegal trading of foreign exchanges.

The circular was issued last month by China Securities Regulatory Commission (CSRC), the State Administration of Exchange Control, the State Administration for Commerce and the Ministry of Public Security.

A CSRC press release of the joint meeting issued here today stressed that as futures trading and margin trading in foreign exchanges involve high risk and are highly

speculative, "China will not conduct experiment in these areas for a relatively long period to come."

No domestic institution has been approved to conduct futures trading and margin trading of foreign exchanges, and therefore, such business is illegal, the press release noted.

But lured by potential high profits, some institutions have continued to conduct such business, disregarding the circular.

The four government bodies urged local governments and departments concerned to firmly crack down on the illegal activities.

During the past two years, over 90 percent of customers involved in the tradings have reported heavy losses, a problem that has resulted in large amounts of capital funds flowing out of China, according to the press release.

Disputes arising from such tradings between institutions and customers should be settled in line with legal procedures, while public security departments will investigate in swindling cases in the trading and deal with them according to relevant laws and regulations, the press release noted.

China To Accelerate Anticounterfeiting Efforts

OW2812113594 Beijing XINHUA in English 1029
GMT 28 Dec 94

[FBIS Transcribed Text] Beijing, December 28 (XINHUA)—China is to take a series of measures, including publicity about genuine and fake currency among the general public and training seminars, to fight against a deteriorating fake-currency problem.

An anti-counterfeiting work joint conference system has been established under the State Council. With all relevant departments represented, the conference has decided to take steps to curb the spread of fake Chinese currency.

Officials have urged local governments to enhance publicity about China's currency so that the general public will be able to identify fake currency easily.

They also urged local officials to run more training seminars for specialized personnel and treasury workers.

In addition, they stressed that the crimes of making, transporting and using fake currency should be punished severely in accordance with the law.

The number of cases of fake currency has soared in recent years, "severely obstructing normal economic and financial order," according to officials at the meeting.

Customs Official on Smuggling Crackdown

OW2712133394 Beijing XINHUA in English 1006
GMT 27 Dec 94

[FBIS Transcribed Text] Beijing, December 27 (XINHUA)—China dealt with over 21,700 smuggling cases involving 4.53 billion yuan-worth of goods in the first 11 months of this year.

A top customs official said here today that despite of the achievement China has made this year in anti-smuggling operations, the task in fighting against rampant smuggling is still arduous.

Most of the smuggled goods are cigarettes, the official said, and more than 340,000 cartons of smuggled cigarettes were found during the first 10 months.

Smuggling and trafficking of narcotics is become more serious, according to the official, and some 20,000 such cases have been dealt with since the beginning of this year, with over 4,000 kilograms of heroin seized.

Wang Leyi, deputy director of the State Customs Administration, said, rampant smuggling threatens the development of China's national industry, weakens the government's capability of macro-control, damages the environment of fair competition and therefore brings a negative impact on social stability.

Wang is also director of the office under the National Leading Group on Anti-Smuggling Operations. China has so far established anti-smuggling organizations in 27 provinces.

Priority for anti-smuggling operations next year will be given to a crackdown upon smuggling of cigarettes, steel and iron, processed oil and plywood, Wang said.

Nevertheless, he said, all the departments concerned, including those from the customs, public security and the administration of industry and commerce, should be prepared for a long-term struggle against smuggling.

Contraband Seized After Nov Campaign

HK2812064494 Beijing CHINA DAILY in English 28
Dec 94 pp 1,2

[By Liang Chao: "Campaign Against Smuggling Reaps \$532m in Contraband"]

[FBIS Transcribed Text] An intensified State crackdown on the re-emerging wave of smuggling has paid off with the record seizure of 4.53 billion yuan (\$532 million) worth of contraband, official sources said yesterday.

Through November this year, customs and police uncovered 21,708 smuggling cases. And the nation's two major anti-smuggling forces are now investigating some extensive cases, each involving more than one million yuan (\$116,000) in contraband, a leading anti-smuggling official told reporters yesterday.

According to the latest report from the Anti-Smuggling Office, customs inspectors and border police have seized a record 4,500 kilograms of drugs, mostly heroin, and over 200 kilograms of a chemical used to produce "ice," a highly concentrated amphetamine.

In addition, they intercepted 3,000 firearms and ammunition, 50 million yuan (\$5.8 million) in counterfeit

renminbi banknotes and 135 million yuan (\$15.8 million) in different currencies as well as more than 9,300 pieces of cultural relics.

Drug trafficking and counterfeit money have increased sharply, the customs official said, adding that the amount of drugs seized by customs this year increased 130 per cent over last year.

But customs and police were only able to confiscate a small portion of the total contraband smuggled into the mainland said the official, who declined to be named.

For example, an estimated 50,000 foreign-made cars have been smuggled into China since last August, but only about 4,400 have been uncovered so far.

During the January-November period, the other major contraband included: More than 105,600 boxes of foreign-made cigarettes valued at nearly 2.8 billion yuan (\$330 million), over 3,000 motorcycles and a large number of hi-fi audio systems, TV sets, computers, printers, air conditioners, air compressors and industrial goods such as petroleum products.

The official attributed the mounting wave of smuggling to the high price of such quality foreign goods, which usually face strict State control when legally imported.

"Such smuggled goods, flooding into the mainland through various illegal channels, have seriously threatened the growth and even the existence of some domestic industries," said Wang Leyi, deputy-director of the General Administration of Customs (GAC).

Another GAC official revealed that many smugglers have resorted to using guns in their trade.

And believing smuggling can lead to wealth, some residents have been tricked into raising funds for smugglers—who have reportedly provoked local residents into beating customs officers and stealing confiscated contraband, the official said.

Authorities are concerned with the spread of smuggling in some areas, which leads to more crimes, poisons the society and affects social stability.

"We will never underestimate the serious consequences of smuggling, as well as its complications and difficulties," Wang said, adding that many new forms of smuggling have emerged this year.

For example, along coastal areas, police have discovered that smugglers repeatedly use falsified customs documents to evade taxes and high-speed boats to evade officers.

"China is stepping up another anti-smuggling campaign this winter to deal with the increasing illegal activities which are threatening its economy and its opening up policy," said Wang, who is also deputy-director of a special agency in charge of cracking contraband cases.

This is the second nationwide crackdown since last August when the government beefed up its forces to hold back the rising tide of smuggled cars along coastal areas, the agency's high-ranking officials said.

"The anti-smuggling war launched weeks ago with major regional operations and special crackdowns on a certain kind of contraband, is now in full swing in many parts of the country," Wang said.

Inspections Seek Increased Order in Marketplace

OW2712162694 Beijing XINHUA in English 1506
GMT 27 Dec 94

[FBIS Transcribed Text] Beijing, December 27 (XINHUA)—China's legislature has concluded a series of inspection tours across the country over the past six months to check on the enforcement of laws and regulations concerning market order.

"The move was intended to strengthen law enforcement with a view to establishing a market economy," said Ni Zhifu, vice-chairman of the National People's Congress (NPC) Standing Committee.

The senior lawmaker was reporting results of the inspection tours to the standing committee's current session.

The three laws include the Anti-Unethical Competition Law, the Law on the Protection of Consumers' Rights, and the Law on Product Quality. The regulation is on punishing crimes of producing and selling fake and shoddy goods.

Local governments and judicial departments have cracked down on illegal activities and crimes against the laws, achieving noticeable results, Ni said.

More efforts have been made to curb the production and sales of fake or shoddy foods, alcohol, tobacco and medicines.

Those who violate farmers' rights by producing and selling fake fertilizers, faulty pesticides and bad seeds are also severely dealt with, according to Ni.

He cited an example in southern Guangdong Province, bordering Hongkong, where fake foods and alcohol amounting to 3.4 million yuan in sales value were confiscated last Spring Festival, and 300,000 items of shoddy farm production materials were expropriated.

The laws and regulations also helped upgrade the quality of products. For example, the pass rate for products of state-owned enterprises was 88.6 percent, up 4.3 percent from last year, according to a survey conducted during the inspection tours.

Since the promulgation of the law on protecting consumers' interests two years ago, consumers associations across the country have handled 1.87 million suits against unqualified products, and recovered 739 million yuan in economic losses for consumers by July of this year.

'Loose Law Enforcement' Blamed for Fake Goods

HK2812064694 Beijing CHINA DAILY in English 28 Dec 94 p 2

[By Ma Chengguang: "Fake Goods The Result of Slack Inspections"]

[FBIS Transcribed Text] Loose law enforcement is a major factor behind the persistent existence of inferior and fake products in China, a senior lawmaker told China's legislature yesterday.

Ni Zhifu, Vice-Chairman of the Standing Committee of the National People's Congress (NPC), also blamed administrative bodies' slack examination of industrial and commercial dealers and inadequate punishment of law breakers.

Meager investigations into products was another factor, he told the ongoing 11th session of the NPC Standing Committee.

Although China has vowed to stamp out inferior and fake goods and has filed 216,058 cases over the past two years, leading to the execution of 12 offenders, these lax control measures still posed a major obstacle.

It has been disclosed that in Guangdong, 30 per cent of Zhanjiang City's 613 licensed pharmacies did not meet hygiene requirements.

And less than 1 per cent of the inferior and fake goods cases were sent to people's courts for trial.

Ni was reporting on China's enforcement of laws on unfair competition, product quality, consumer rights protection and punishment of offenders.

Five inspection groups from Ni's committee toured Guangdong, Zhejiang, Liaoning, Henan and Fujian in September and October to file the report.

In the five provinces, more than half of the marketed goods in most places did not meet State standards, Ni said.

Prior to July, fake brand TV sets and make-up in Liaoning had caused fires and injuries to consumers, while fake medicines had poisoned some students in Fujian Province.

Nationwide, consumers filed more than 1.87 million complaints to consumer associations, Ni said.

Ni also blamed wrong doing by law enforcers and flabby co-ordination among law enforcement bodies for the ongoing problem.

To improve enforcement of the law, Ni urged people to improve their awareness of the law and raise the calibre of law enforcers to curb malpractice and bribery.

Meanwhile, Buhe, another Vice-Chairman of the Standing Committee, told the lawmakers it is imperative to spur agricultural input and raise farmers' conditions.

Currently, low prices for farm produce, which lag behind the surging cost of agricultural production, have dampened farmers' enthusiasm for the land and pushed some to set up rural enterprises instead of farming, he said.

Minister Discusses 1995 Commodities Supply

OW2712162894 Beijing XINHUA in English 1519 GMT 27 Dec 94

[FBIS Transcribed Text] Beijing, December 27 (XINHUA)—Retail sales of consumer goods in China in 1995 are expected to shoot up 22.6 percent from 1994 to 1,950 billion yuan (about 224 billion dollars), said the Minister of Internal Trade, Zhang Haoruo.

But the gap between supply and demand will still exist with grain, pork, edible oils, sugar, cotton, and fertilizer in particular, he said at the National Commodity Circulation Conference which opened here today.

China plans to exercise macro-control over the supply of grains, cotton, edible oils, sugar, vegetables, and other farm products by monitoring their prices in major cities. By doing so, China hopes to bring down food prices which have contributed a lot to the double-digit inflation, he added.

The minister also called on local business administrators to set up a system for appropriating important goods to ensure market supplies and push down the high inflation rate.

China foresees a brisk market with abundant supplies for 1995, but shortages of the most popular goods and overstocking may co-exist, Zhang said.

China's market of capital goods next year will chalk up sales of 2.5 trillion yuan (about 287 billion dollars), up 10 percent from 1994, he said, adding that supplies of copper, aluminum and rubber may, however, be tight.

Retail Sales To Rise 30 Percent This Year

HK2812064094 Beijing CHINA DAILY in English 28 Dec 94 p 1

[By Ma Zhiping: "Retail Sales Expected To Soar 30 Percent This Year"]

[FBIS Transcribed Text] Total retail sales are expected to hit 1,590 billion yuan (\$187 billion) this year, a 30 per cent surge over last year, the Minister of Internal Trade said yesterday.

The domestic market has enjoyed a favourable climate this year, with an abundant supply and rising consumer demand, Minister Zhang Haoruo told a national conference on market distribution.

"However, the commodity market this year has also seen some difficulties, owing to the shortage of some key agricultural products and by-products, including grain, cotton, edible oil, meat and sugar," Zhang said.

The lingering disorder has further weakened the State-run shops' position as the mainstay of the domestic markets, he noted.

As a result, food prices shot up at the highest pace in more than 10 years, pushing the inflation rate to about 20 per cent for the whole year, he added.

The minister also predicted that the domestic market will enjoy brisk business in 1995 and the retail sales volume is expected to reach 1,950 billion yuan (\$229.4 billion), an increase of 22.6 per cent over this year.

The minister was optimistic about having an adequate supply of industrial goods for the New Year holiday shoppers but said the gap between market supply and demand for some important agricultural products and by-products will continue next year.

Beijing Gives Jobs, Funding to Displaced Residents

HK2812054894 Hong Kong SOUTH CHINA MORNING POST in English 28 Dec 94 pp 1, 5

[By Cheung Po-ling in Yichang, Hubei Province]

[FBIS Transcribed Text] Beijing will channel more funds to develop agriculture in areas affected by the Three Gorges Dam construction after many displaced residents refused to join state factories for fear of them going bankrupt, Hubei province officials say. They said the province's Governor, Jia Zhijie, had been given absolute power to manage the four billion yuan (HK\$3.65 billion [Hong Kong dollars]) earmarked for the resettlement of more than 120,000 Hubei people whose homes would be flooded in the course of the dam's construction.

"Misuse of resettlement funds earmarked for residents has intensified resentment," said the vice-director of the People's Resettlement Bureau, Huang Yonggui. The bureau is based at Yichang, where the construction project is underway. A "certain amount" of money allocated to ailing factories had failed to prevent them going under, Mr Huang said.

As an inducement to the counties and districts which had been obliged to take in the evacuees, some of the jobs created by the factories financed by dam compensation had been made available to local residents.

"But many still went bankrupt and hundreds of peasants who wished to switch to non-farming jobs were made redundant," Mr Huang said.

He admitted these problems had seriously damaged peasants' willingness to work for state enterprises.

"Many relocatees are urging the Government to open up more land for cultivation in order to secure them jobs," he said.

In order to reduce residents' discontent, which could disrupt the multi-billion yuan hydroelectric project, the

state had promised to pump more funds into the opening up of farmland for the displaced peasants, Mr Huang said.

"The evacuees should not only be given homes but, more importantly, secure jobs," he said.

He said Beijing also had assigned a similar fund management task to the Governor of Sichuan province, Xiao Yang. In Sichuan, more than 950,000 people have to be moved to make way for the massive project. In a ground-breaking ceremony this month, premier Li Peng said the success of the whole project depended on competent resettlement work. China has made a budget of 40 billion yuan, at May 1993 prices, for the resettlement of more than 1.2 million people affected by the construction project. The money is distributed in direct compensation for people, as well as development programme for the resettlement area and retraining for farmers enabling them to work in factories. The money will be given directly to residents as compensation, and ploughed into development programmes and retraining farmers. Compensation for each household ranges from a few thousand to 50,000 yuan, depending on the size and condition of the housing that will be lost. Many resent the "unequal treatment".

Yichang's Government initially agreed to offer subsidies of between 20,000 and 30,000 yuan a household, leaving some families without enough funds to build new homes. Authorities have also promised to build other facilities, including factories, schools and hospitals. But few are under construction because of a holdup in the supply of state funds. "Management of funds in some areas in the province was not strict enough," Mr Huang said. "This led to funds being misused."

In Yichang, the relocation of some 11,000 people who lived in the construction site area is almost complete. Describing the moving process as "smooth", a vice-director of the Three Gorges Dam's Working Committee, Xiao Yunze, said: "The people support the project out of the spirit of understanding and sacrifice."

Despite the outward signs of compliance, there seems little doubt that, if open displays of dissent were allowed, the Chinese Government would face a public outcry from local people.

Mr Xiao admitted one resettlement problem had arisen because thousands of rich farmers in the fertile valley had to be moved to poorer and already crowded villages.

"They didn't want to move to poorer places because they want to keep up their living standards, which are much better than many peasants," he said.

In Yichang, there are 40,000 relatively well-off peasants who plant oranges along the Yangtze, earning an average of more than 200 yuan a month. To further ease the transition, each peasant will be given as much as 55 yuan a month for three years.

"But this compensation is considered very low by the rich peasants," said Mr Xiao. He said the Government could not afford to give more.

In an effort to minimise disenchantment, the Government has decided to relocate residents to surrounding areas, in many cases higher elevated land a few kilometres away.

Increase in Number of Card Phones Planned

HK2712061494 Beijing CHINA DAILY in English 27 Dec 94 p 2

[By Xie Liangjun: "Card Phone Expansion Planned For Next Year"]

[FBIS Transcribed Text] China's telecommunications authorities are working out a detailed plan to increase the number of card phones across the country, as part of the public phone expansion programme.

The plan involves doubling the number of card phones across the country by the end of 1995 and putting more card phones on streets and in other public places.

Under the draft plan, the number of card phones will rise to nearly 40,000 by the end of 1995, Li Da, an official in charge of card phone development at the Ministry of Posts and Telecommunications, said yesterday.

China currently has more than 17,600 card phones, nearly all of them in major hotels and business centres.

Local telecommunications administrations will be encouraged to install more of the phones in public places such as shopping centres and railway stations, Li said.

The move should be seen as part of local government efforts to improve public phone service, he said.

But he added that public card phone booths must be manned to prevent damage.

China started its card phone service in Guangdong Province in 1987, and since then the service has gained increasing public acceptance.

Card phones have been installed in more than 50 cities nationwide, with the number of such phones surpassing 1,000 in the provinces of Hunan, Jiangsu, Hubei and Zhejiang.

Provincial-level telecommunications administrations are allowed to issue phone cards for province-wide use with the approval of the Ministry of Posts and Telecommunications.

China's telecommunications authorities have issued more than 42 million magnetic phone cards with a total face-value of 2 billion yuan (\$235 million).

More than 1,000 varieties of phone cards have been used throughout the country.

The ministry plans to gradually replace provincially issued phone cards with national cards for nationwide universal use.

The ministry has issued two sets of cards that can be used nationwide and a third set is to be issued soon.

Ministry sources have said that the ministry will issue seven sets of national universal-use phone cards next year.

The Tianjin Telephone Equipment Plant's Phone Cards Factory is China's only current producer of national phone cards, with an annual output of tens of millions of cards, Li said.

Overseas Loans To Be Used for Afforestation

OW2712133094 Beijing XINHUA in English 0739 GMT 27 Dec 94

[FBIS Transcribed Text] Nanchang, December 27 (XINHUA)—China will use World Bank loans to launch a nationwide afforestation project to develop and protect forest resources in some 200 cities and counties of 16 provinces and autonomous regions next year.

The project, with an investment of 334 million U.S. dollars, will be the largest of its kind in China's forestry sector during the ninth Five-Year Plan (1996-2000), said Xu Youfang, Minister of Forestry.

About 200 million U.S. dollars of World Bank loan and 17 million U.S. dollars from the Global Environment Fund will be poured into this project, the minister said at a recent conference held in Nanchang, capital of east China's Jiangxi Province.

The ministry plans to afforest 620,000 ha of fast-growing timber forests in the project-launched areas, while increasing the timber reserve to 113 million cu m and producing 84 million cu m of timber, he said.

Meanwhile, the 280,000 ha of multi-functional shelter belts will be built, aiming at raising the coverage rate by three to five percentage points during the future 20 years.

Grant-in-aid of the Global Environment Fund will help China's five national reserves to improve the management and construction there.

The reserves include the Shennongjia Nature Reserve in central China's Hubei Province, northwest China's Qinling Nature Reserve, the Wuyi Mountains Nature Reserve in east China's Fujian Province, Poyang Lake Nature Reserve in east China's Jiangxi Province and Xishuangbanna Nature Reserve in southwest China's Yunnan Province.

Forest Belts To Prevent Soil Erosion

HK2612033294 Beijing CHINA DAILY in English 26 Dec 94 p 1

[By Wang Yonghong: "Forest Shelters To Protect Farms"]

[FBIS Transcribed Text] The State plans to build four more forest belts during the Ninth Five-Year Plan (1996-2000) to cut down on soil erosion near rivers and lakes, the Forestry Ministry announced at the weekend.

The four new ecological projects are expected to kick off in 1996. The forest belts will be planted in the valley of the Huaihe River and Lake Taihu in East China, the Pearl River basin in South China, the Liaohe River valley in the Northeast and the middle reaches of the Yellow River in North China.

Minister of Forestry Xu Youfang announced the plan at a five-day national conference which closed on Saturday in Hefei, the capital of Anhui Province.

The four rivers are all important and the basins are also key to the country's major farming regions.

Xu didn't give details about the four projects, but he said that, together with the six existing shelter-belt projects, they would help set up a relatively perfect and complete ecological system by the end of this century.

Since the late 1970s, China has gradually begun constructing forest shelter belts, which are designed to preserve farmland from high winds.

In river areas, the shelter belts should help reduce soil erosion.

The State has already completed the Three-North (Northeast-North-Northwest China) shelter belt, the massive tree-planting system in the upper and middle reaches of the Yangtze River, shelter belts along the coast, the afforestation programmes in the plains, the reforestation project in the Taihang ranges in North China and the desertification-combating programme.

NPC Official on Enforcement of Agricultural Law

OW2712135894 Beijing XINHUA in English 1339
GMT 27 Dec 94

[FBIS Transcribed Text] Beijing, December 27 (XINHUA)—Along with the enforcement of the Agricultural Law, China has checked an increasing trend of growing economic burdens for the country's farmers, said Bu He, Vice Chairman of the National People's Congress (NPC) Standing Committee.

Reporting on the implementation of the Agricultural Law at an ongoing session of the Eighth NPC Standing Committee, Bu said that since the beginning of last year, local governments across the country have rescinded a number of improper tax-levying regulations upon farmers and intensified the administration of fund collecting in accordance with the Agricultural Law.

A survey showed that in 1993, the proportion of every farmer's tax load as a part of his or her net income dropped 0.3, 1.8, and 2.1 percentage points in Sichuan, Shandong, and Jilin Provinces, respectively, provinces with the largest rural populations in China.

Meanwhile, local governments, with the goal of fundamentally relieving farmers' burden, have endeavored to increase economic vitality in the areas by developing the rural economy using unified farming, agricultural product processing and trading, Bu said.

"At present, improper and illegal collection of funds from farmers still runs rampant in a few regions," Bu acknowledged, adding that it has added to the farmers' already-heavy load and aroused discontent.

Bu said that the per capita income in China's rural areas is expected to top 1000 yuan (117.6 U.S. dollars) this year, a figure that will further improve farmers' living conditions.

Bu attributed this to a bumper harvest of grains and cash crops in spite of flooding and droughts in some parts of the country.

Also, output of township enterprises has continued to grow rapidly, he said, calling this another factor contributing to farmer's increasing income.

Paper Cites Deng Xiaoping on Agricultural Reform

HK2712152694 Beijing RENMIN RIBAO in Chinese
16 Dec 94 p 5

[By Chen Jiyuan (7115 0679 0337) and Han Jun (7281 0193): "Deng Xiaoping's Thinking on 'Two Leaps' in Agriculture and Agricultural Reform in China"]

[FBIS Translated Text] In 1990, Deng Xiaoping talked about the agricultural problem and pointed out: "The reform and development of the socialist agriculture in China, from a long-term perspective, require two leaps. The first leap was abolition of the people's communes and practicing the contract responsibility system on a household basis with remuneration linked to output. The second leap is to meet the demand of scientific farming and collectivized production, develop an appropriate scale of operation, and develop the collective economy. This is again a great progress and certainly it is a long process." Deng Xiaoping's thinking on the "two leaps" in agriculture not only has great theoretical significance but also great practical significance.

Practicing the contract responsibility system on a household basis with remuneration linked to output and the abolition of the people's communes, has been a great transformation of substantive significance in our country's rural areas so far. This transformation, judged from its contents, is first of all a change in the operational style in the rural areas. That is, a gradual change from the original highly centralized and unified operational style, to an operational style centering on scattered operations among peasant households, granting peasant households the right to operate independently and at their own discretion, thus reforming the microorganization and structure of the rural economy and greatly arousing the enthusiasm of the millions of peasants.

Agriculture which is built on the basis of small scale of land will have a very slow process of technological advancement and commercialization. Judged from the current situation and the long-term perspective, along with the availability of the objective conditions, we should actively promote the development of an appropriate scale of operation of land, enabling our country's agriculture to have sustained and steady growth and smoothly change from traditional agriculture to modern agriculture.

In recent years in some localities, various kinds of land circulation and models of appropriate scale of operation of farmland have emerged and the following four types are quite typical:

1. The "two kinds of farmland" model. This model is represented by Shandong's Pingdu City and its main feature is to divide farmland into two kinds. One is grain farmland which in principle is owned by everyone and is used to satisfy the peasants' grain ration, grain to be used as feed and grain to be used as seeds. The other kind is contracted farmland with contracted responsibility and is open to bidding by peasants who do so according to their own farming ability.

2. The free circulation model. The circulation of land is mainly caused by the free transfer of contracts among peasants and is mainly for developing big operators of agriculture and household farms. In the process of transfer of contracts on land, market mechanism plays a leading role. This is the main model of land circulation in most places in our country.

3. The village-run (collective) farm model. This model is represented by Wuxi County and Shunyi County and the main characteristic is, through unified adjustment by community organization, establishing village-run (collective) farms to realize relatively centralized management of land.

4. The type in which rights to operate land are used as shares to form stock. This kind of method was first seen in Guangdong Province's Nanhai City. The concrete method is first to make it clear that land ownership is collective but peasants have the rights to operate the land after they win the contracts. Then, the rights to operate the land are changed quantitatively into shares and peasants' rights to operate land are lumped together through the method of turning them into shareholders and a "joint-stock agricultural development company" is organized for centralized management. At the time when peasants hand over their rights to operate land, they become the shareholders of the company.

When talking about the development of operations, Comrade Xiaoping stressed that "this is a long process" and this point is very important during practice. To develop an appropriate scale of operation, there must be certain conditions and the most important condition is the degree of shift in the agricultural labor force to the nonagricultural sector. Speaking from the viewpoint of a

peasant household, only when the main breadwinners in the household has steadily changed to the nonagricultural sector to making a living and obtained relatively reliable income, will it demand withdrawal from agriculture and be possible to do so. Speaking from the angle of a region or the whole country, only when a great majority of the agricultural labor force has steadily changed to the secondary and tertiary industries, will it be able to possess the initial conditions for appropriate scale of operations.

We hold that an absolute majority of localities in the country do not possess the conditions for an appropriate scale of operation of land at this time. At present, and for a relatively long period to come, our rural policy should emphasize improvement of the internal institutions of the contract responsibility system on a household basis with remuneration linked to output. Of course, a small number of the economically developed coastal regions and the outskirts of large and medium cities, where a large number of agricultural laborers change to the nonagricultural sector, can grasp the opportunity and, on the premise of full respect for peasants' wishes, actively develop an appropriate scale of operation of land. In particular, the land circulation system must be perfected, the household registration system in small towns must be reformed, a number of peasants must be guided into small towns, and a sound social insurance system must be established in the rural areas as a condition for peasants to leave the farmland.

Ministry Emphasises Agricultural Chemicals

OW2812122594 Beijing XINHUA in English 1203
GMT 28 Dec 94

[FBIS Transcribed Text] Beijing, December 28 (XINHUA)—China has decided to give priority to the production of agriculture-oriented chemical products next year, in order to improve their supply to the farmers.

The Ministry of Chemical Industry has vowed to meet the state-set targets of fertilizers, pesticides, sulfuric acid, soda ash, tire and ethylene.

According to Minister Gu Xiulian today, the demand for fertilizers and pesticides is expected to rise further in 1995, thus widening the demand-supply gap by 15 percent.

This estimation was based on China's determination to "actually give the leading position of economic work to the strengthening of agriculture," and its growing investment in this sector.

Addressing a national work conference of the chemical industry, the minister called for "meticulous efforts" to fulfill the production and supply targets of a variety of agriculture-oriented chemical products, especially that of fertilizers, which is projected to total 113 million tons next year.

She asked the industry to make full use of existing equipment and beef up the supply of important raw materials to increase production.

She also called for strengthened efforts to carry out renovation and expansion of agriculture-oriented chemical production equipment, especially fertilizers equipment of various sizes.

"Administrative departments of the chemical industry at all levels should work seriously to provide farmers with

good services and actively publicize scientific use of fertilizers and pesticides," Gu added.

The minister urged that strenuous efforts be made to open more overseas market, promote technological advancement to speed up transforming scientific and technological achievements into real productive forces.

The gross production value of the Ministry next year is planned to hit 210 billion Yuan (about 24.7 billion U.S. dollars), up eight percent from this year, while its foreign exchange revenue is estimated to increase by more than ten percent.

East Region

Fujian Requirements on Migrant Workers

HK2712083994 Fuzhou Fujian People's Radio Network
in Mandarin 2300 GMT 14 Dec 94

[FBIS Translated Text] Yesterday afternoon the provincial government held a province-wide telephone meeting on the orderly transportation of migrant workers in the period leading to the Spring Festival. This year 1.1 million migrant workers from outside the province have come to work in Fujian and more than 800,000 Fujian migrant workers are working in and outside the province. In the period leading to the Spring Festival, migrant workers are moving from place to place in large numbers and this has caused strong impacts on social order and transportation. To prevent confusion, the provincial government has decided that local governments, departments, and units employing migrant workers must try every possible means to encourage the migrant workers they employ to spend the Spring Festival where they work; all employing units must stop recruiting new migrant workers from outside their localities for one month after the Spring Festival; all levels of labor departments and industrial and commercial departments must closely cooperate with each other in punishing enterprises that arbitrarily recruit unlicensed migrant workers or enterprises that recruit new migrant workers from outside their localities less than a month after the Spring Festival; if their violations are serious, the enterprises must be ordered to carry out rectification or otherwise have their business licenses revoked. Management must be strengthened over railway, highway, and waterway transportation, which must be fully exploited to prevent migrant workers from being stranded at bus stations, railway stations, and ports. In the spring transportation period, floating transportation fares may be introduced.

Vice Governor [name indistinct] spoke at the meeting and asked all levels of government and departments to unify their understanding, to strengthen their leadership, to follow provincial arrangements, to cooperate with each other in exercising good management over transportation of migrant workers in the spring of next year.

Customs Office Set Up in Jiangsu's Jiangyin

OW2812133694 Beijing XINHUA in English 1316
GMT 28 Dec 94

[FBIS Transcribed Text] Nanjing, December 28 (XINHUA)—A customs office was set up today in Jiangyin City, a newly-emerging port city along the Chang Jiang River in east China's Jiangsu Province.

Customs officers said that the office was opened because of the fast increasing import and export business in the open city and is expected to do a better job of serving the export business for southern Jiangsu Province, which has become one of the most developed areas in China.

The port city has been deemed a golden shipping area on the Chang Jiang River. Some 18 docks of the 10,000-ton class have been built and several dozens more smaller ones will be constructed along the banks of the river.

The port city is estimated to handle some 700,000 tons of foreign freight this year and has started regular shipping service to Hong Kong and some other areas around the world.

Jiangsu Sewage Treatment Plant Begins Operations

OW2712040794 Beijing XINHUA in English 0259
GMT 27 Dec 94

[FBIS Transcribed Text] Nanjing, December 27 (XINHUA)—Local residents along the polluted Huaihe River may have cleaner water from the river as a sewage treatment project, the first in the region, came into operation recently.

The Xuzhou Sewage Treatment Plant in north of east China's Jiangsu Province treats 100,000 tons of sewage water daily. It is expected to increase its daily treatment capacity up to 135,000 tons when the whole project is completed.

Construction of the 14-ha [hectare] -sewage plant began in February, 1993, and it is the first big step taken by local governments to bring water pollution under control by 1997 in line with a campaign launched by the Central Government.

The project is expected to control the increasing water pollution in the 180 km-Kuihe River, one of the major branches of the Huaihe River flowing west-east through Henan, Anhui, Shandong and Jiangsu provinces.

The Kuihe River, with 124 factories and 400,000 residents in Xuzhou city draining off more than 90,000 tons of industrial and domestic sewage water daily, is a major pollution source which harms the living environment of more than 600,000 souls along the lower reaches of the Huaihe River in Jiangsu and Anhui provinces.

Both surface and underground water in some part of the Huaihe River Valley have been seriously contaminated several times since the early 1980s when thousands of rural and township enterprises came into being.

The Guishan Village in Hongze County, where the Huaihe River empties into sea through the Hongze Lake, suffered a direct loss of more than two million yuan (235,000 U.S. dollars) because of water contamination.

Among 3,000 heavy water pollutant dischargers in China, 160 are located in the Huaihe River Valley. Both urban and rural enterprises of its 182 county towns and townships drained a total of 2.31 billion tons of sewage water including 1.61 billion tons of industrial sewage in 1993.

Jinan Court Executes Death-Penalty Convicts*SK2412032794 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 23 Dec 94*

[FBIS Translated Text] The intermediate people's court of Jinan held an open trial on 23 December to sentence 20 convicts involved in 11 cases of theft, murder, shelter for embezzled money, and injury. Of these convicts, 13 who had committed the most heinous crimes of theft and murder were sentenced to death. After the open trial, the 13 death-penalty convicts—including (Wu Liji)—were escorted to the execution ground and executed by shooting.

Shandong Secretary on Work for Security Guards*SK2712022394 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 26 Dec 94*

[FBIS Translated Text] The provincial conference on work concerning security guards was held in Jinan on 26 December. Leading comrades Zhao Zhihao, Li Zhen, Lu Maozeng, Tan Fude, Sun Shuyi, and Wang Yuxi attended. Zhao Zhihao, secretary of the provincial party committee and governor of the province, made a speech. He stated: Under the new situation, all levels and all departments should fully understand the importance of work concerning security guards; should actually strengthen leadership over this work; should continuously remain sober-minded to overcome the false sense of peace and security; and should have a full estimate and be fully prepared against the new problems that will possibly emerge.

Zhao Zhihao pointed out: Along with the development of China's socialist modernization and with the expansion of contacts with foreign countries, the tasks for security guards have become arduous day by day, and the demands made on them have become greater and greater. All levels of public security organs should always give priority to strengthening the building of the ranks of security guards; should build up a powerful and competent leading body; should enhance political and ideological work as well as professional training; and should persist in strict administration over the police. In the course of carrying on and carrying forward fine traditions, all levels of public security organs should conscientiously study new circumstances and new problems, and should positively explore new ways to conduct work concerning security guards.

Shandong Standardizes Futures Markets*SK2712041594 Jinan DAZHONG RIBAO in Chinese 12 Dec 94 p 1*

[FBIS Translated Text] According to a recent introduction by Qin Xuxiang, deputy director of the provincial commission for restructuring the economy, Shandong's ill-considered development of its futures markets has created many problems, and the tasks remain very heavy to standardize and rectify the markets.

Major problems in Shandong's futures markets were as follows: First, there were too many futures trade centers, and the varieties of the goods traded overlapped. Futures trade centers alone totalled five in the province. Second, a large number of futures brokerage companies did not obtain reregistration approval. Third, some brokerage companies were not operated and managed in a standardized manner, thus bringing great losses to their customers. Fourth, trade was developed at random outside our borders, and many foreign businessmen fled with the money. Fifth, underground illegal futures trade was rather serious.

In view of the above-mentioned problems, the province previously concentrated efforts on examining and rectifying the futures markets. It chiefly rectified the trade centers that had been established, turning the five trade centers either into wholesale markets or, with the approval of higher authorities, into futures brokerage companies; it rectified the futures brokerage companies, strictly banning futures brokerage companies from engaging in futures business outside our borders and in monetary futures business as well as strictly banning foreign capital from participating in futures brokerage business. All illegal futures trading activities, particularly underground futures brokerage companies, were resolutely cracked down and banned.

The anticipated purpose of the standardization and rectification activities have been attained. Recently the provincial government issued a "circular on strengthening the management of futures markets" to put forward specific demands on the next step of the standardization and rectification activities. All localities and all departments are urged to take the activities seriously and work in close coordination to promote a healthy development in Shandong's experiment with the futures markets.

Shandong Peninsula Leads in Farm Product Exports*OW2612042494 Beijing XINHUA in English 0323 GMT 26 Dec 94*

[FBIS Transcribed Text] Beijing, December 26 (XINHUA)—The peninsulas of Liaodong and Jiaodong, which are located east of Liaoning and Shandong provinces, are expected to export 2.5 billion U.S. dollars worth of farm produce this year, about one fifth of China's total.

According to the "International Trade News", the two peninsulas made 2.2 billion U.S. dollars in export of farm produce last year as the two provinces attach great importance to agricultural development and opening to the outside world.

Shandong Province has established seven export-oriented agricultural experimental zones in Jiaodong Peninsula with 250 million yuan of local investment and one million U.S. dollars of foreign funds. The province

has also built 74 export commodity production bases which sold three billion yuan-worth of farm products to the outside world last year.

Liaodong Peninsula, in Northeast China's Liaoning Province, has also built nearly 50 export-oriented farm production bases involved in the production of rice, maize, cocoons, cattle and aquatic products. About 30 farm products earn 10 million U.S. dollars each in export.

According to the paper, the introduction of advanced technology has been on the top priority of these two peninsulas which has been proved quite effective in transforming traditional farming. Different foreign farm products have also been imported from Japan, Australia, the Republic of Korea, Bulgaria and the United States to enrich the varieties of local products, the paper says.

Shandong's Jiangchang County Gold Production

SK2712070794 Shenyang LIAONING RIBAO in Chinese 14 Dec 94 p 1

[FBIS Translated Text] Good news was reported in Jiangchang County on 13 December: The Wenzhangzi Gold Mine has produced 10,018 liang of gold this year, earned 27 million yuan from sales, and created 12 million yuan in profits and taxes. The 12-year dream of Jiangchang County's 600,000 people to produce 10,000 liang of gold has been realized.

Built in 1982, the Wenzhangzi Gold Mine in Jiangchang County has developed ever since. Thanks to the great support of the gold departments of the state and province, the gold mine invested 17 million yuan in technical transformation to expand production in 1992. In 1993, it produced 7,153 liang of gold and created 9.5 million yuan in profits and taxes. Beginning 1994, Jiangchang County strengthened its leadership over the Wenzhangzi Gold Mine; replenished its engineering and technical forces; implemented the target management system; and conducted mining and prospecting simultaneously, thus enabling Jiangchang County to rank among the 10,000-liang gold-production counties 18 days ahead of schedule.

Shanghai Pioneers Education Project

OW2412064594 Beijing XINHUA in English 0622 GMT 24 Dec 94

[FBIS Transcribed Text] Shanghai, December 24 (XINHUA)—A national education upgrading project has started work with Shanghai-based Fudan University and Jiaotong University.

The project is designed with a view to promoting education for the 21st century and calls for upgrading 100 key higher education institutions and some important subjects of learning throughout the country in ten years or more.

The project, approved by the State Council and the Central Committee of the Chinese Communist Party in 1992, is a strategic move in educational reform for China designed to get the country's universities and colleges soundly prepared for the challenges in the next century so as to better serve the country's modernization drive.

In ten years, these schools and their subjects of learning will achieve worldwide recognition for their educational quality, scientific research, academic levels and administration.

After examinations of the two universities in Shanghai, government officials expressed satisfaction with their current performance and plans of development.

The 100 chosen schools, including Fudan and Jiaotong, will be allocated special funds and given preferential treatment by the State Council.

Shanghai Sets Up Computer Training Centers

OW2712044194 Beijing XINHUA in English 0302 GMT 27 Dec 94

[FBIS Transcribed Text] Shanghai, December 27 (XINHUA)—More than 8,800 people, ranging nine to 62 years in age, are sitting in an exam for the computer application capacity in this China's largest economic center today despite of freezing weather.

"Anyone who wants to pass the examination must be familiar with the use of at least three popular computer softwares and master the theory of computer network and maintenance of disc data," an official in charge of the examine said.

This was the first secondary-level test conducted by the Shanghai Municipal Government, in a bid to train more qualified people to meet the demand of the city's rapid economic expansion and as part of its effort to turn Shanghai into the first-rate international metropolis.

According to the official, the municipality has set up 300 computer training centers equipped with some 10,000 computers, and a total of 170,000 people have attended computer application examinations for people at the primary stage level in computer use since early last year.

Moreover, the municipal government has decided to offer a computer application training course for the handicapped people next year.

Two Shanghai Business Zones Merge

OW2512052794 Beijing XINHUA in English 0449 GMT 25 Dec 94

[FBIS Transcribed Text] Shanghai, December 25 (XINHUA)—The Fumin Private Business Zone of Shanghai, the first private business center in East China, has taken over the management of a badly-run private economic zone in suburban Songjiang County.

The Fumin zone, situated in Zhengdian Town, Qingpu County, 30 km away from downtown Shanghai, has attracted over 1,400 Chinese and foreign companies over the past two years.

With a total output of 1.6 billion yuan, the zone handed over 41.80 million yuan in taxes to the state in the two years.

During the latter half of this year an upsurge of private investment has appeared in the zone, with a rate of three to four new companies registered every day in the 48-ha [hectare] area.

The board chairman of the Fumin zone, Lu Zhangyi, said that it is difficult for private businesses to set themselves up in downtown Shanghai. But in the suburban areas transportation is convenient and land prices are not as high as in the city.

He also added that there have been few problems in these areas as too many businesses have flocked there.

The merging of the two zones has provide a good way to resolve the problem, he said.

Shanghai's Baoshan Industrial Park 'Taking Shape'

OW2812040794 Beijing XINHUA in English 0329
GMT 28 Dec 94

[FBIS Transcribed Text] Shanghai, December 28 (XINHUA)—An industrial park for the relocation of major industries from downtown Shanghai is taking shape in the suburban Baoshan District.

The first phase of the industrial park, 15 km from the Hongqiao International Airport, covers an area of 1.5 sq [square] km, and more than 30 million yuan has been spent on the basic facilities.

To date, more than 700 million yuan has been invested in the park. The second phase of the factory for making precision tubes used for "Santana" sedan cars of the Shanghai Steel Tube Co. Ltd was the first major project to settle in the industrial park.

Eight other huge industrial projects have shown interest of being moved to the district from the downtown area.

Baoshan District is where the Baoshan Iron and Steel Company, China's giant steel maker, is located. It is now a base for the metallurgical industry and loading-unloading vessels.

Shanghai Company Increases Motorcycle Production

OW2412064294 Beijing XINHUA in English 0606
GMT 24 Dec 94

[FBIS Transcribed Text] Shanghai, December 24 (XINHUA)—The Shanghai-Ek Chor Motorcycle Company

Ltd. has greatly pushed up its production of motorcycles in line with market demand since it was launched here ten years ago.

The company has produced more than 1.46 million "Xingfu" motorcycles, with the annual output soaring from 30,000 in 1985 to today's 300,000 motorcycles.

These motorcycles have been sold on both the domestic and overseas markets, in over ten countries and regions in central and south America and southeast Asia, with its export volume reaching 120 million U.S. dollars.

With an investment of one billion yuan, the company is building a another production base in Shanghai's Pudong New Area, planning to produce 200,000 motorcycles and 600,000 engines a year. It is expected to raise its annual output to one million by the end of this century.

Jointly established by the Shanghai Municipal Tractor and Automobile Company and Hong Kong-based Ek Chor Investment Company Ltd., the company has been listed as one of Shanghai's outstanding enterprises every year since 1985 and named as one of the nation's top ten joint ventures six times since 1987.

Shanghai To Install 800,000 More Telephone Lines

OW2612074994 Beijing XINHUA in English 0622
GMT 26 Dec 94

[FBIS Transcribed Text] Shanghai, December 26 (XINHUA)—Shanghai, China's largest economic center, plans to increase 800,000 telephone lines next year to meet the needs of its rapid economic growth, according to Shanghai-based "Business News."

A survey showed that the city's telephone capacity rose from 470,700 lines in 1990 to about 1.13 million lines last year and 1.53 million lines this year.

The paper said that the telephone boom was fueled by the accurate forecast and large market demands. [sentence as received]

According to the paper, Shanghai will draw experience from foreign cities to update its management in telecommunications services.

Shanghai is First City With Full Water Service

OW2512161994 Beijing XINHUA in English 1512
GMT 25 Dec 94

[FBIS Transcribed Text] Shanghai, December 25 (XINHUA)—Shanghai, China's largest manufacturing center, has become the first Chinese city where tap water is provided both in the urban and suburban areas, according to official sources.

Songjiang County in southwest Shanghai this month became the last part of the city to put tap water installation into operation.

Tap water had been available throughout the urban part of Shanghai as early as in the 1960's. Since 1980, the city has exerted efforts to ensure that tap water be reached in all the suburbs.

Four hundred and nine water plants have been constructed in 218 towns, providing 2.2 million tons of water each day for 5.48 million residents.

Also, laboratories have been built in 164 water plants and over 1,900 personnel with expertise have been trained to guarantee water quality.

Agricultural Science Academy Promotes Development

OW2412091494 Beijing XINHUA in English 0716 GMT 24 Dec 94

[FBIS Transcribed Text] Shanghai, December 24 (XINHUA)—The Shanghai Academy of Agricultural Sciences has achieved important progress in the research of new and high technology to help develop agriculture in recent years.

With the help of Fudan University, the Academy in China's largest city has developed a vaccine which can increase pigs' immunity against foot-and-mouth disease, and it will be put into practical use after 1996.

The Academy has produced pesticides to kill harmful insects plaguing vegetables, fruits and crops.

It has also found ways to reduce pesticide pollution.

Meanwhile, hybridization, genetic and bio-engineering techniques have been successfully applied to cultivating new strains of rice, wheat and vegetables.

Zhejiang Develops Communications, Warning System

OW2612150594 Beijing XINHUA Domestic Service in Chinese 2112 GMT 18 Dec 94

[By reporter Wu Keqiang (0702 0344 1730)]

[FBIS Translated Text] Hangzhou, 19 Dec (XINHUA)—The Sanwei High-Technology Industrial Corporation in Hangzhou recently successfully developed a satellite-positioning communications and warning system. Qiandao Lake will be the first place where the system will be put to use shortly.

It is reported that this modern communications and warning system can be installed on moving objects such as automobiles, boats, and ships, as well as at fixed locations.

The equipment, developed under contract by the Sanwei corporation in Hangzhou with advanced international technology, can perform multiple functions such as satellite positioning, communications, warning, numeric

coding, data processing, and directing and dispatching operations. It is easy to operate and can respond quickly and reliably.

Eight Executed, Two Sentenced in Zhejiang

OW2612130194 Hangzhou Zhejiang People's Radio Network in Mandarin 1000 GMT 24 Dec 94

[From the "Provincial News Hookup" program]

[FBIS Translated Text] The Hangzhou City Intermediate People's Court and the Shangcheng District People's Court jointly held a sentencing meeting in the provincial Great Hall of the People on the afternoon of 23 December, in which they publicly passed judgments on 27 defendants and criminals in 13 serious criminal cases in accordance with the law. Eight people who had committed heinous crimes in eight of these cases were immediately executed following the approval of their death sentence by the court of the second instance.

Two defendants were sentenced to death with a two-year reprieve by the court of the first instance.

Three were sentenced to life in prison, and 14 were given prison terms of 15 years or less.

The criminals sentenced during the meeting had all committed crimes that had brought great harm to society and had provoked strong public wrath in Hangzhou city. Some of them cruelly murdered people and burned their victims' bodies, some ganged up to commit robberies in a vile manner, and some traveled from place to place to commit thefts involving enormous amounts of money.

Central-South Region

Guangdong Official Urges Looser Credit Policy

HK2812085894 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1244 GMT 22 Dec 94

["Special article" on "Exclusive Interview" with Chen Mingjin, deputy director of the Guangdong Provincial Statistics Bureau, by Zhang Zuoxi (1728 0155 3556) in Guangzhou on 22 December]

[FBIS Translated Text] Guangzhou, 22 Dec (ZHONGGUO TONGXUN SHE)—While reviewing Guangdong Province's economic development trend this year, an official concerned from the Guangdong Provincial Statistical Bureau asserted that tightening credit as a way of curbing price increases is ineffective. Rather, it gives rise to other problems. He believes that raising this question at this moment will enable one to evaluate and modulate more objectively and efficiently the intensity of macro-economic regulation and control.

During an exclusive interview given here today, Chen Mingjin, deputy director of the Guangdong provincial statistical bureau, expressly put forth this new view. He said that despite the many rigid economic regulation and control means taken by Guangdong this year, the price

index, which is a sensitive factor, remains as high as 18.9 percent in the first 11 months. Not only have attempts failed to keep the momentum of price hikes down, but the average price index has increased by 0.3 percent over last year's figure.

It is generally believed that increasing credit naturally accelerates economic growth and, at the same time, causes inflation; therefore, one must control the aggregate amount of credit in a bid to control commodity prices.

Chen Mingjin said that this most recent economic regulation and control operation, which has lasted 18 months, has basically used the same means as those used in the 1988 operation, with the stress of both placed on tightening the money supply. However, the 1988 regulation and control operation was more effective in suppressing commodity prices. In Guangdong, the retail price index in the fourth quarter of 1988 registered 40.3 percent, and the index had dropped to 4.2 percent in 1989. The current regulation and control, however, has not produced the same results. The first half of last year saw a price index of 16 percent. Measures were taken in the latter half of the year to tighten money supply and control the prices of selected commodities, but by the end of the year, the annual commodity price level still registered a rate of increase of 18.6 percent.

Chen Mingjin held that in Guangdong the relationship between industrial growth and commodity prices has also changed in a peculiar manner. Industry grew by 36.2 percent in the first six months of last year, while commodity prices increased by 16 percent. However, while the year as a whole registered only 34.2-percent industrial growth, the annual commodity price level still was 2.6 percentage points higher than the figure for the first half of the year. Chen says that the situation is practically the same this year as commodity prices have been out of effective control, while industrial growth in the first 11 months was kept down to 25.4 percent.

Chen Mingjin says that this case is worth studying. It seems that the strategy needs to be changed in order to bring commodity prices under control. An excessive amount of credit will inevitably cause inflation, but one must not underestimate the negative effects arising from a tightened money supply either; for instance, lack of circulating funds on the part of enterprises, decreased demand, poor economic returns, and a sluggish market. He said that if measures to tighten the money supply continue next year, Guangdong will possibly face an awkward position similar to that of 1990 characterized by a sluggish market and expanding debt chains.

Chen believes that the current regulation and control is in fact a belated action which will not produce satisfactory results. He says that effective regulation and control should be carried out in advance and measures should be taken before problems arise.

He said the present price hikes in Guangdong are not purely inflation in a rigid sense, because price increases

have been caused to a large extent by the many reform measures introduced this year, such as price reform, finance and taxation reform, and foreign exchange reform. The increase in the electricity charge rate by 10 cents alone resulted in an increase of 8 billion yuan in the amount of electricity charges paid by all industrial enterprises covered by the provincial budget. And this increase will inevitably add to the operational costs of these enterprises, and thus a rise in their product prices. The unification of the renminbi exchange rate has also caused higher foreign exchange swap costs to be borne by enterprises. Increased prices of farm and sideline products have played a substantial part in the new round of price hikes in Guangdong. This is an inevitable problem in the process of industrialization, which cannot possibly be resolved by controlling the amount of credit.

Referring to the economic development trend in Guangdong next year, Chen Mingjin held that there could be three different outcomes depending on the variance of regulation and control measures. First, in the wake of intensified regulation and control and tightened money supply, production will decline, economic returns will diminish, and unemployment will increase. Second, if the supply of credit is loosened, production will accelerate, the market will become brisk, and economic results will improve, but in the meantime it will be more difficult to keep commodity prices under control. Or third, it is an objective fact that the deceleration period [ping he qi 1627 0678 2601] of money supply contraction (18 months) is about to end, and the high investment of the past two years will be reflected in an expansion of the scale of production. With this factor taken into account, if measures are taken to moderately increase the supply of credit to enable the economy to grow gradually and to improve both market conditions and economic results, then commodity prices will hopefully be brought under control.

Chen maintains that the last option is the most desirable.

Guangdong Completes Digital Phone Network

OW2812050794 Tokyo KYODO in English 0207 GMT
28 Dec 94

["News Focus" By Geoffrey Murray: "Telecom Giants Get Right Number in China"]

[FBIS Transcribed Text] Guangzhou, China, Dec. 28 KYODO—Guangdong Province, the hub of China's economic modernization drive in southern China, has completed the country's first digital mobile telephone network, which industry analysis say "spells the end of the analog telecom era in China."

The 30 million dollar provincial-level experimental network set up in late 1994 covers 28 cities and counties in the booming Pearl River Delta, built around four exchanges in Guangzhou, the provincial capital, the special economic zones of Shenzhen and Zhuhai, and the city of Huizhou.

Digital cellular phones from Hong Kong, if registered in the network, can also be used within the province.

Guangdong pioneered an open analog mobile phone service in 1987, and there are currently more than 450,000 registered users, with capacity to be expanded to one million by the latter half of 1995.

Global telecommunications giants regard the province as currently the most important market in China. More than a dozen companies responded when the Guangdong Posts and Telecommunications Authority (GPTA) announced plans to inject 11 billion yuan (about 1.26 billion dollars) into telecommunications development for 1985. Almost half the investment is expected to come from foreign loans.

GPTA has close links at present with Japan's NEC Corp., AT&T Corp. of the United States, Siemens AG of Germany, Canada's Northern Telecom Ltd. and LM Ericsson of Sweden, all of which are either providing equipment or setting up joint ventures in the province.

NEC has invested 300 million dollars in a newly built pager factory in Huizhou, and is now negotiating to set up an engineering maintenance company.

"Indirect investment, including software development and project cooperation is our next step toward the Chinese telecom market," says Kohei Obi, NEC senior general manager.

Throughout China, NEC has six joint ventures in semiconductors, cellular phones and switching equipment.

Guangdong is also the site of a high-speed information transmission network with neighboring Hong Kong. The network went on line at the end of November employing what officials describe as the "cutting edge" in optic fiber transmission technology.

The joint venture, by Hong Kong Telecommunications Ltd. and the Guangdong Posts and Telecommunications Department, features synchronized digital hierarchy technology—multiplex equipment operating at 2.4 gigabits a second.

The Guangdong-Hong Kong information highway is part of a 350-kilometer transmission system planned for Guangdong, linking up Guangzhou, the provincial capital, with the cities of Shenzhen, Huizhou and Dongguan.

The whole project will cost about 8.2 million dollars and use synchronous digital equipment supplied by AT&T.

Local telecommunications departments are planning a further optic fiber transmission network covering 580 km in the next few years.

Other fiber optic network are being developed along the Chang Jiang River Valley, to open up the heavily populated area to the same sort of economic development that has benefited coastal areas such as Guangdong, and in

the north around Beijing. All the projects are still seeking foreign investment partners.

Although Guangdong currently is setting the standards in telecommunications, the rest of China is also engaged in a rapid catch-up drive to overcome the present lack of a decent communications infrastructure to match the country's economic and industrial ambitions.

The drive has attracted investments in the sector from many of Japan's top corporations, including Fujitsu Ltd., which has three big joint ventures involving switching systems, transmission equipment and communications software, Matsushita Electric Industrial Co., Toshiba Corp., and Mitsui and Co.

Just how far the Chinese have to go to catch up with neighbors such as Japan was indicated by a top official who addressed an international conference on infrastructure development strategy in Beijing recently.

By the turn of the century, 8 percent of China's whole territory and up to 40 percent of its urban areas will have access to a telephone, according to Lui Cai, director of the policy and regulation department at the Posts and Telecommunications Ministry.

The official also predicted that there will be 9 million mobile phones in operation, while telephone lines are expected to cover 90 percent of the cities and counties, with a digital data network covering 60 percent.

Liu said that in the first eight months of 1994, 10.17 million more telephone lines were installed and an additional 170,000 long-distance circuits put into use.

Telephone subscribers totaled 5.89 million and public telephone main lines reached 23 million. During the same period, another 530,000 mobile phones and 3.09 million radio pagers went into service.

But in an effort to put the figures into perspective, the official said that by the end of 1993, there were only 5.86 million telephone subscribers out of a population of 1.2 billion. National telephone coverage was only 2.2 percent and the urban rate was 9 percent.

Looking ahead, Liu said that the basic policies were now in place to promote unified telecommunications development.

This included opening "value-added" and other parts of the radio mobile telecom services market to non-post and telecom enterprises, implementing a business licensing system and introducing competitive mechanisms.

Two Expressways Completed in Henan Province

OW2812034194 Beijing XINHUA in English 0126
GMT 28 Dec 94

[FBIS Transcribed Text] Zhengzhou, December 28 (XINHUA)—Central China's Henan Province has completed the construction of two new expressways, which opened for traffic Monday [26 December].

The Kaifeng-Zhengzhou Expressway, with a length of 81 km, is an important part of the projected Kaifeng-Luoyang Expressway, which will have a total length of 201 km and will be funded by 7.2 million U.S. dollars in loans from the World Bank.

Local officials said that the construction of the remaining part of the Kaifeng-Luoyang Expressway is being carried out briskly. It is scheduled to be finished in 1996.

The newly operational Zhengzhou-Xuedian Expressway, which has a length of 25 km and is part of the Beijing-Zhuhai Highway, connects this provincial capital with a large modern airport at Xuedian.

North Region

Publication Says Beijing Expects Record Exports

OW2612090494 Beijing XINHUA in English 0716
GMT 26 Dec 94

[FBIS Transcribed Text] Beijing, December 26 (XINHUA)—The capital city of China is estimated to record an export value of more than two billion U.S. dollars this year, 310 million U.S. dollars up from last year, the "Capital Economic Information News" reported.

This expands the export proportion in the city's Gross Domestic Product (GDP) this year to 14.23 percent, up from 11 percent in 1993. However, the newspaper said, the export rise of Beijing still lags far behind the country's average.

The newspaper said that the Municipal Government has paid more attention on local major enterprises to boost export.

Over half of the export comes from specialized companies, which already sold abroad 1.24 billion U.S. dollars worth of products in the past 11 months of this year, accounting for half of the city's total.

To boost export, these companies have set up their own production bases, bought more products from other parts of the country and expanded the variety of products to export.

The Capital Iron and Steel Company has hit a record export value of 200 million U.S. dollars so far this year, doubling the 1993 figure, and five other local complexes also have scored export value of more than 10 million U.S. dollars.

And of the 131 local enterprises empowered to export their products, 92 have already sold products abroad, with five of them reporting more than 10 million U.S. dollars or more in export.

Shanxi Yellow River Diversion Project Approved

OW2612075994 Beijing XINHUA in English 0743
GMT 26 Dec 94

[FBIS Transcribed Text] Taiyuan, December 26 (XINHUA)—Construction of a large water diversion project,

to help alleviate water shortage in north China's Shanxi province, is expected to go full ahead next year.

The Wanjiazhai project, approved by the State Council in February 1993, will involve a total investment of 1.2 million yuan. Upon its completion in 1999, the project is planned to divert 1.2 billion cubic meters of water annually and provide as much as 641 million cubic meters of water a year for Taiyuan, a leading coal producer in north China, said a local official.

The whole project, stretching 314 km, comprises four separate projects: the main canal, the northern and southern canals and a power station with a power generating capacity of 1.08 million kilowatts annually.

The project, to be built in the Pianguan county in the northwest of the province, will divert water from China's second largest water system of Yellow River through three-stage pumping stations to Datong and Shuozhou, two coal producing areas, and the provincial capital of Taiyuan.

Shanxi suffers the serious water shortage as it is situated on the loess plateau. The cities of Taiyuan, Datong and Shuozhou are considered the most affected areas.

Government statistics shows that Taiyuan faces a daily shortage of 425,000 cubic meters and its daily water consumption is only one third of the national average. Some enterprises were compelled to stop production because short of water. [sentence as received]

If the water shortage becomes more acute, Taiyuan, an industrial center with a population of more than 2 million, has to move to another location. Datong and Shuozhou are having the same problem.

Forecasts show that there will be a combined shortage of 800 million cm of water annually for these three cities by the turn of this century.

Construction of the Wanjiazhai water diversion project will ease the water shortage to some extent.

The city of Taiyuan alone can obtain 640 million cm of water from the diversion project annually, and Datong and Shuozhou will be provided with 560 million cubic meters a year.

Tianjin To Hold Export Commodities Fair

OW2712094194 Beijing XINHUA in English 0656
GMT 27 Dec 94

[FBIS Transcribed Text] Tianjin, December 27 (XINHUA)—The sixth export commodities fair in Tianjin Municipality in North China is expected to be held from March 1 to March 10 next year.

Some 4,000 business people from more than 80 countries and regions will attend the fair as against 2,400 last year. The number of stands at the fair will top 500, covering 12,000 square kilometers.

Light and heavy industries have been booming in the northern part of China over years. The import and export value of North China and Northwest China through the port of Tianjin had reached 6.62 billion U.S. dollars in 1993, a 31.3 percent rise over a year earlier.

The fair is jointly sponsored by 13 northern provinces and municipalities including Beijing, Tianjin, Hebei and Shanxi in a bid to help boost the area's import and export trade and absorb updated technology and investment from overseas.

Northeast Region

Heilongjiang Planning Work Conference Ends

SK2712085794 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 26 Dec 94

[FBIS Translated Text] The 1995 provincial plan for national economic and social development has been preliminarily mapped out.

Cong Fukui, vice governor of the provincial government, stressed at the provincial planning conference that ended on 26 December: The governments at various levels and all departments should expand the dynamics of the industrial structural readjustment and positively cultivate and develop new pillar industries. The planning departments at various levels should focus the planning work on the second battlefield of the economic development to make the planning work become the main forces to affect the quadrupling of the province's 1980 GNP.

The conference summed up the province's 1994 overall economic operation and maintained that the province's basic economic operational trend is developing toward a good orientation. The development speed is accelerating. The province has initially gone out of the slow growth state, which continued for several years. The province's gross domestic product is expected to register an increase of 8 percent over 1993. The agricultural output and the rural economy continue to increase at a faster speed. The system reform is progressing smoothly and the province makes achievements in macroeconomic regulation and control. The general index of the retail sale prices of society was higher than the national average level in 1993, but is lower than the national average level this year.

The conference pointed out: Although our province has taken a turn for the better in the economy this year, some prominent problems still exist in the economic operation due to the failure to noticeably alleviate the deep-layered contradictions in systems, structures, and operational mechanisms. For instance, price hikes are on the high side, some state-owned enterprises have difficulties in production and management, market sales are slack, and the border barter trade is noticeably declining.

The conference emphatically studied the major issues concerning how to accelerate the pace of pioneering the

province's second battlefield of the economic development, strengthen agriculture's role as the foundation of the national economy, exert efforts to achieve the development of the state-owned enterprises, and accelerate the pace of the national economy on the premise of optimizing structures and upgrading the quality of the economy and economic results; and arranged the province's 1995 national economic and social development plan.

The conference set forth: The major targets for regulating and controlling the 1995 macroeconomy are to increase the gross domestic product by 8 to 9 percent, to expand the scale of investment in fixed assets of society, and to control the general index of retail sales.

Cong Fukui stressed at the conference: All localities and all departments concerned should regard the acceleration of the pace of readjusting the industrial structures as a major task. In the foreseeable future, we should realistically attend to the development of the petrochemical industrial projects in the western part of the province and the noncoal substitute industries in the eastern part of the province, the construction of wooden product bases in wooded areas, and the intensive processing of farm and sideline products. Harbin and Qiqihar cities, as two old industrial bases, should grasp the upgrading and updating of key products as well as the transformation of key enterprises. It is necessary to vigorously develop town and township enterprises. We should make efforts to achieve the development of state-owned enterprises, particularly large and medium-sized enterprises. At the time of accelerating the transformation of state-owned enterprises and setting up step-by-step the modern enterprise system, we should positively readjust, reorganize, and technologically transform the existing state-owned enterprises.

Cong Fukui stressed: We should bring the pioneering of the second battlefield into line with the scale of the planning work, the long and middle-term plans, and the fiscal plan. We should expand the dynamics of the investment in the second battlefield and pay equal attention to various sectors of the economy. Next year, the planning departments at various levels should conscientiously clear up on-going projects; resolutely stop the projects without markets and without efficiency; and save more funds to support the development of town and township enterprises, intensive and precision processing industries, and new high-tech industries. The planning departments at various levels should increase the investment in agriculture and realistically make good use of the state investment in our province's agriculture.

Cong Fukui also stressed the necessity to control inflation. He said: The governments at various levels should realistically assume responsibility; implement the responsibility system, strictly control price hikes; exert great efforts to stabilize the prices of daily necessities and agricultural capital goods, including grain, oil, meat, egg, and vegetables; try every possible means to increase

effective supply; strictly control the increase in consumption funds; and strengthen the formulation of the laws governing goods prices.

Northwest Region

Northwest Region Taps Natural Resources

OW2612031394 Beijing XINHUA in English 0220
GMT 26 Dec 94

[FBIS Transcribed Text] Beijing, December 26 (XINHUA)—The remote and once desolate Northwest China is striving to revive its prosperity in the Han Dynasty (206 B.C.-A.D. 220) and the Tang Dynasty (618-907) by tapping the rich natural resources in the mountains, deserts and rivers.

Forty percent of China's oil, 50 percent of natural gas and 60 percent of coal, almost all the reserves of nickel, potassium, strontium, beryllium and lithium, and large amount of gold, copper, molybdenum, lead and zinc is contained in the sparsely-populated region.

The Northwest of China, including Xinjiang Uygur Autonomous Regions, Gansu Province, Ningxia Hui Autonomous Regions, Qinghai Province and Shaanxi province, is one of the last regions to be exploited in the world.

Favorable policies and official support have ignited the enthusiasm of developing the resources. As a result, since the late 1980s, the gross national product and the industrial output in the Northwest China have grown with double-digit rates annually.

In the Junggar Basin, the Tarim Basin, the Turpan and Hami Basins in Xinjiang, 35 oil and gas fields have been located, 20 have seen their construction completed or being carried out.

The basins, regarded as the "Sea of Hopes" already pumping out crude oil of 13 million tons each year, will turn into a new engine driving China's petrochemical industry.

China's largest natural gas field, covering 2,000 sq km, has been found where Shaanxi, Gansu and Ningxia meet.

In the upper reaches of the Yellow River, "Golden Water Route", five hydroelectric stations have been in operation with generating capacity of 3.24 million kw, accounting for over 50 percent of the electricity in the Northwest China power network.

When other stations on the river are put into use by 1996 as scheduled, the power network will have a generating capacity of 5.9 million kw, exceeding that built in dozens of years before 1985.

Shenfu in Shaanxi, one of the largest high-quality coal fields on the earth, Taixi in Ningxia, the best anthracite

coal field in China, and the resources of ferrous and nonferrous metal in the Chaidamu basin in Xinjiang are being developed.

Pooling the natural resources have provided opportunities for major industries to retrench themselves in Northwest China, and have propelled the industrial output to 184.8 billion yuan this year from 77.12 billion yuan in 1988.

The Northwest China is dotted with nearly 900 large and medium-sized enterprises, such as Karamay Oil Administration, Jinchuan and Baiyin nonferrous metal companies, Liujiaxia hydropower station, spreading in five industrial belts.

Huge petrochemical plants are seen from Urumqi, capital of Xinjiang, to Lanzhou, capital of Gansu, to Karamay in Xinjiang.

Lanzhou and Xining, capital of Qinghai, and Yinchuan, capital of Ningxia, are tapping the water resources in the upper reaches of the Yellow River and streamlining nonferrous metal metallurgical sector.

Firms handling machinery, military projects and electronics have gathered around Xian, capital of Shaanxi, Baoji in west Shaanxi, and Lanzhou. Industries of cotton and wool spinning and chemical fibers have been constructed with Urumqi as the core. And a coal industrial belt is extending from shenfu in north shaanxi, to Yinchuan.

Thanks to the thriving energy and raw materials industries, communication, telecommunications and other infrastructure projects have been upgraded.

Over 10 billion yuan have flown into the sectors of railways, highways and civil aviation, focusing on constructing the Lanzhou-Xinjiang double lines, the highway from Horgos in Xinjiang to Lianyungang in East China's Jiangsu province, and expanding airports in Urumqi and other cities.

With the inauguration of the optical cable from Lanzhou to Urumqi, the telecommunication capacity has been multiplied in Northwest China.

To date, 95 percent of major cities have installed digital facilities and switch-boards while mobile telephones, wireless paging and digital facsimile having entered daily life there.

More than 100 industrial cities, including "Oil City" Karamay, "Nickel Capital" Jinchang, "Salt City" Germu, "Rare Metal Kingdom" Keketuohai, and "Hydroelectric Pearl along the Yellow River" Longyanguxia, have mushroomed as new economic pillars.

A balanced industrial structure will appear in Northwest China, relying on resources and heavy industries and cultivating processing and light industries, so as to ensure an economic takeoff in this once glorious part of China in the 21st century.

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Afforestation in Gansu Pays Off

OW2312065794 Beijing XINHUA in English 0632
GMT 23 Dec 94

[FBIS Transcribed Text] Lanzhou, December 23 (XINHUA)—Northwest China's Gansu Province has been successful in greening its Xiaolong Mountain Range over the past few years, making it the country's largest state-run forest zone.

Located in the southeastern part of Gansu, the mountain range extends across eight counties and regions, with a total area of more than 813,000 ha.

In 1962 the Xiaolong Experimental Forestry Bureau won approval from the State Council to establish a large timber base there.

Some 187,000 ha of scrub areas and low-yield forests have been upgraded so far this year. The forested area now amounts to 78,000 ha.

The rapid growth of trees enables the zone to achieve an annual net increase of 120,000 cu m of timber after deducting consumption.

The quality of the forests has seen obvious improvement. Larches there are considered a high-quality source of timber, while in the past only deciduous oaks and wild bushes could be seen on the mountains.

Timber from the zone "is increasing and improving", officials of the Ministry of Forestry said at the ceremony to mark the 30th anniversary of the local forestry bureau.

Various items of advanced technology, including a computer system, have been introduced to upgrade forestry work over the past 30 years, bringing about an output of 3.5 million cu m of timber a year. Meanwhile, the storage of timber has risen to 28.25 million cu m from 25.89 million cu m.

The 900,000 farmers in the zone have been encouraged to join in forestry work. The local government has provided a large sum of money to build highways, bridges, power stations and recreational facilities in a bid to give an impetus to the further development of forestry and sideline industries.

Qinghai Registers Decline of 6 Endemic Diseases

OW2512022694 Beijing XINHUA in English 0059
GMT 25 Dec 94

[FBIS Transcribed Text] Xining, December 24 (XINHUA)—The incidence of six endemic diseases, including the plague, iodine deficiency, hydatid disease and brucellosis has registered a drastic decline in recent years in northwest China's Qinghai Province.

According to medical authorities here, a total of 4.6 million people of 30 nationalities in Qinghai have been plagued by at least one endemic disease.

The local government has allocated 1 million yuan in each of the past 14 years for the treatment and prevention of six major endemic diseases.

Local public health departments have conducted investigations on the distribution of such diseases and publicized preventive measures during mass rallies and festivals.

The provincial quarantine department has opened more quarantine stations to prevent the entry of other diseases that may be brought in by the 300,000-strong transient population.

As a result, the number of people suffering from epidemic diseases and mortality rates have declined drastically. There has been basically no report of plague incidence this year.

Qinghai Establishes Earthquake Monitoring Network

OW2512020294 Beijing XINHUA in English 0046
GMT 25 Dec 94

[FBIS Transcribed Text] Xining, December 24 (XINHUA)—An earthquake monitoring network and an earthquake information transmission network have been established in northwest China's Qinghai Province, which has been prone to earthquakes in recent years.

The monitoring network, which focuses on the Xining area in east Qinghai and the Qaidam Basin, involves a number of means of monitoring including seismic measurement, earth temperature, crustal stress, topographic changes and terrestrial magnetism.

All these will help make quake predictions more accurate, said Miao Weixiang, director of the Qinghai Seismological Bureau.

A cable and radio telecommunications network specially for quake information has also been established in the province, he said.

In addition, two special organizations to evaluate earthquake intensity and to mitigate damage caused by earthquakes, respectively, were also founded recently.

It is expected that the two organizations will provide proper standards for project construction as regards earthquake-proofing and reliable data for disaster relief.

Seismologists say that in 1985 China entered its fifth active earthquake period of the century, and Qinghai, on the Qinghai-Tibet plateau, is a flash point for tremors.

Among the 17 earthquakes measuring above five on the Richter Scale on the Chinese mainland so far this year, 13 took place in Qinghai. Two measured above six on the Richter Scale.

However, no casualties were reported in these quakes, according to Miao.

Experts say that comprehensive prevention and earthquake damage mitigation work are necessary as earthquakes as strong as seven to eight on the Richter Scale might hit western China in the coming few years.

Qinghai Tibetan TV Station Marks Anniversary

*OW2312112394 Beijing XINHUA in English 0954
GMT 23 Dec 94*

[FBIS Transcribed Text] Xining, December 23 (XINHUA)—The Tibetan-language TV station in Northwest China's Qinghai Province has celebrated its tenth anniversary.

Qinghai has a population of one million Tibetans, accounting for 21 percent of the province's total.

To help the Tibetan people master more scientific and cultural knowledge and know more about the outside world, the provincial government decided to set up a TV program in the Tibetan language in 1984.

The province has earmarked several million yuan over the past decade for the station, which has already broadcast for 1,911 hours in the Tibetan language.

Xinjiang Holds Teleconference on Safety

*OW2312143294 Urumqi Xinjiang Television Network
in Mandarin 1330 GMT 14 Dec 94*

[Announcer-read report over video; from the "Xinjiang News" program]

[FBIS Translated Text] Yesterday afternoon the autonomous region held a telephone conference on improving safety-related work. Keyum Bawudun, deputy secretary of the autonomous regional party committee, chaired the conference, and Abdulahat Abdurixit, deputy secretary of the autonomous regional party committee and chairman of the autonomous regional government, spoke at the conference. He said: Since the beginning of this year the overall situation in the autonomous region has been favorable, with the region enjoying economic development, ethnic unity, and social stability, and the people experiencing new improvements in their lives. Economic life has experienced some new contradictions and difficulties, however. People throughout the region are working in unity to surmount those contradictions and difficulties. Although various localities and departments have devoted tremendous efforts to safety-related work, the situation has not changed fundamentally, and various major and disastrous accidents have frequently occurred across the region. The numbers of various kinds of accidents have increased markedly. Specifically, several disastrous accidents that occurred recently have caused heavy casualties, inflicted tremendous economic losses, and had a great impact on society. The region seldom experienced such accidents in the past. The most serious accident was the disastrous fire that broke out at the Friendship Hall in Karamay on 8 December. It was

the country's most devastating fire causing the most casualties in recent years, taking a heavy toll of lives and property.

Abdulahat Abdurixit noted: There now exist serious problems in the region's safety-related work. Since the beginning of the fourth quarter of this year, in particular, the situation has grown very acute. The main reasons are: 1) The leaders of some localities, departments, and units have failed to take safety-related work seriously, to implement a safety responsibility system, and to truly carry out the principle of giving primacy to safety while stressing prevention. 2) Some localities, departments, and units, in the course of carrying out organizational reform or changing operating mechanisms, have weakened or even abolished safety control organs, and reduced the number of safety control personnel. Consequently, resources for safety-related work have shrunk, and a situation where nobody is assigned to attend to such work has arisen. The system for conducting safety inspections and exercising supervision over safety-related work is not sound. 3) Some enterprises—including many business and recreational establishments, and especially mining enterprises—do not meet basic safety requirements. Many enterprises have made little or no input in safety, and they lack essential safety facilities. Some enterprises have not updated their antiquated equipment, and have failed to quickly repair old electrical ducts and wiring. These lapses are potential sources of major accidents. 4) Some workers and staff members in enterprises are not knowledgeable about basic safety techniques, have a weak sense of safety, are not aware of the need for self-protection, and lack the ability to deal with accidents. The practice of directing and carrying out work in violation of relevant regulations in a risky and reckless manner has continued despite repeated attempts to stop it. 5) Legislation on production safety has failed to meet the requirements of socialist market economic development. Laws and regulations on production safety are still incomplete and have yet to develop into a coherent system. Failure to abide by the law, to enforce the law strictly, and to investigate violations of the law remains quite serious.

Abdulahat Abdurixit said emphatically: In accordance with the guidelines of the emergency circular issued by the State Council General Office on 9 December on resolutely preventing major and disastrous fires, we should earnestly conduct a general safety inspection of the region's fire-control, communications, and mining facilities; firmly carry out various safety-related tasks; and develop an institutional mechanism for carrying out such tasks over the long term. All localities, departments, and units should take quick and strong measures to improve safety. 1) People's governments at all levels should take safety-related work seriously, include such work in their agenda of important tasks, regard it as an important government mission, and devote conscientious efforts to accomplishing it. The key leading comrades of governments at all levels, as well as leading comrades in charge of economic affairs, should make

safety-related work a priority and devote major efforts to it. Safety supervisory organs at all levels should fully perform their functions and tighten supervision over safety. They should conduct propaganda and education on improving safety through various means, and intensify legislative and law enforcement efforts. 2) All localities, departments, and units should immediately prepare for a year-end, general safety inspection aimed at reducing or averting major accidents on New Year's Day and during the Spring Festival. The general inspection will focus on fire prevention, highway traffic, and safety in coal mines and on construction sites. They should ascertain safety consciousness, safety regimes, safety control, latent hazards, and safety facilities. They should resolutely remove and sternly deal with seriously bureaucratic people who disregard the safety of property and lives of the people and the country. Taking a differential approach, and acting in order of importance and urgency, they should draw up measures, set deadlines, and assign personnel to address safety lapses before the deadlines. They should take drastic measures—such as closure or shutdowns—against enterprises with chronically unsolved, latent hazards that could develop into major accidents with implications for the overall situation. They should strictly deal with the responsible leaders and negligent personnel of units that experience accidents anew because of their failure to heed the relevant demands of the State Council and the autonomous regional government, and because of their perfunctory approach toward the general safety inspection. 3) Relevant departments and units should coordinate their actions and work closely together to improve safety under the government's unified leadership. 4) We should improve post-accident relief and rescue operations, and investigate the causes of accidents. We should conscientiously investigate the causes of each of the accidents that have taken place, especially major or disastrous ones, and determine the legal and administrative responsibility of the persons who caused the accidents and the relevant responsible persons. We should use administrative, economic, and legal means to strictly deal with and mete out stiff punishment to seriously bureaucratic people whose disregard for production safety leads to negligence-induced accidents that cause heavy casualties, inflict tremendous losses, and have an adverse effect. We should by no means tolerate or accommodate them. Public security, procuratorial, judicial, discipline inspection, and supervision departments at all levels should determine, in accordance with the law, the legal and administrative responsibility of the persons who caused the recent major and disastrous accidents, as well as that of the responsible persons. They should also eliminate all interferences; firmly and sternly deal with leading personnel who were responsible for the accidents through negligence; and resolutely prevent and correct the practices of playing down the nature of and responsibility for the accidents, not abiding by the law, and not enforcing the law strictly. All accidents that have not been dealt with should be handled until they are brought to a conclusion, so that the goals of investigating the

causes, assigning blame strictly, learning lessons, and taking preventive measures can be achieved.

In conclusion, Abdulahat Abdurixit said: All localities and departments can no longer confine themselves to merely relaying and studying guidelines, much less holding meetings and making appeals. They should assign special personnel to make meticulous arrangements for carrying out the paramount task of production safety, and strive for tangible results in the near future.

Attending the conference were Huihan Hakemohu, vice chairman of the autonomous regional people's congress standing committee; Li Donghui, Aishihaiti Kelimubai, and Zhang Heng, vice chairmen of the autonomous regional government; Sulaiyman, vice chairman of the autonomous regional Chinese People's Political Consultative Conference committee; Duan Xikang, deputy commander of the Xinjiang Military District; Simayi Maihesuiti, deputy political commissar of the Xinjiang Production and Construction Corps.

'Roundup' Views Xinjiang's Economy

OW2512092094 Beijing XINHUA in English 0711
GMT 25 Dec 94

["Roundup: Xinjiang's Economy Booms"]

[FBIS Transcribed Text] Urumqi, December 25 (XINHUA)—The Xinjiang Uygur Autonomous Region, Northwest China, has reported an overall economic development.

A survey shows that the regional gross domestic product (GDP) this year will amount to 62.2 billion Yuan, an increase of 10.5 percent.

This multi-ethnic minority region has gained bumper grain harvests for 17 years running. After making sufficiency in grain, Xinjiang has focused on the plantation of cotton, oil-bearing crops and beets as well as livestock breeding.

Xinjiang's agricultural output value this year is expected to reach 27.75 billion Yuan, up 6.5 percent over last year.

To make full use of its natural resources and boost the local economy, the region has set up many rural industrial enterprises. The output value of these enterprises this year will go up by 54.2 percent over last year to 10.2 billion Yuan.

With grain harvests and the lift of prices in the purchase of farm and sideline products, farmers' net income will reach a record of 922 Yuan per capita this year, up 144 Yuan over last year.

Xinjiang spent 29.8 billion Yuan on fixed assets in 1994. So far, construction of six key capital projects has been completed. Includ

h were an airport in north Xinjiang's Tacheng City, and an optical fiber communication cable running from

Xian, capital of Shaanxi Province, to Lanzhou, Capital of Gansu Province, and Urumqi, Capital of Xinjiang.

The double-tracking of the 1,622-kilometer railway running from Wuwei, Gansu Province, to Urumqi was completed and put into traffic last September, one year ahead of schedule.

In addition, the region plans to build the first class highway and a railway in southern Xinjiang.

According to the latest statistics, the total volume of Xinjiang's imports and exports climbed to 812 million U.S. dollars in the first 11 months of this year, up 10.4 percent over the same period of last year, and will reach one billion U.S. dollars this year.

The region has actually used 120 million U.S. dollars of foreign investment this year, up 35.2 percent over last year.

The overall economic growth has helped raise people's living standard. The annual income of urban residents this year will rise by 27 percent over last year to 2,831 Yuan per capita.

A regional official said that Xinjiang plans to further develop agriculture in line with the market needs, accelerate the development speed of industry and foreign trade, and strive to attract more foreign capital next year.

Xinjiang Increases Oil, Gas Production

*OW2612154994 Beijing XINHUA in English 1529
GMT 26 Dec 94*

[FBIS Transcribed Text] Beijing, December 26 (XINHUA)—Northwest China's Xinjiang Uygur Autonomous Region has reached success in exploiting oil and gas resources so far this year in a drive to find more sources for the country's ballooning economy.

In the Tarim Basin in northern Xinjiang, large amounts of oil and gas has been obtained from four wells alone, signaling bright prospects for finding huge gas and oil fields there.

A 40-km-long oil and gas zone has been established in the middle of the basin, with a field containing about 100 million tons of oil being developed.

The Junggar Basin in northern Xinjiang saw the number of oil fields rise to 17 when two new wells began pumping out oil and gas.

Exploitation has shifted from the east to the west part in the Turpan and Hami Basins in northeast Xinjiang, where three oil and gas structures and nine oil and gas fields have been found, and where the Qiuling oil field has been constructed and will be put into use in 1995.

In November, oil and gas were discovered in the Yanqi Basin covering 13,000 sq [square] km in the middle of Xinjiang. Experts noted that 104 cubic meters of crude oil and over 500,000 cubic meters of gas flow out of the wells each day.

Pact With Mainland on Investment Protection Urged

OW2812083594 Taipei CNA in English 0804 GMT 28 Dec 94

[By Y.C. Tsai]

[FBIS Transcribed Text] Taipei, Dec. 28 (CNA)—Trade officials pledged Wednesday [28 Wednesday] that the government would seek to sign an investment protection agreement with Mainland China next year in a bid to better safeguard the interests of Taiwan investors.

The officials at the Board of Foreign Trade said that although Beijing approved the investment protection law for Taiwan investors in March, the mainland's protective measures still leave much to be desired.

The law, which deviates very little from the "Regulations Governing the Encouragement for Investment by Taiwan Compatriots" published in 1988, cannot give strong and appropriate guarantees to Taiwan manufacturers, they elaborated.

Moreover, they noted, the mainland's worsening social order has increasingly become a major concern for foreign enterprises which have invested in Mainland China, particularly the small- and medium-sized ones.

The mainland's social order problem, which was mainly caused by unbalanced development, a widening gap between the rich and the poor and increasing population pressures, is currently a major negative factor in attracting investments from overseas, they pointed out.

Taiwan companies which have relocated to the mainland are mostly small and medium enterprises, which are more likely than their bigger counterparts to fall prey to bad social order, they said.

To help ensure the personal safety and investment interests of Taiwan investors in the mainland, an investment guarantee agreement across the Taiwan strait is indispensable, they stressed.

China Requests To Speed Up Trade, Exchanges

OW2812083494 Taipei CNA in English 0759 GMT 28 Dec 94

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, Dec. 28 (CNA)—A ranking mainland Chinese economic affairs official Tuesday [27 December] urged Taiwan to eliminate trade barriers and accelerate "direct, two-way and overall" trade relations between the two sides of the Taiwan strait.

Wang Hui, deputy director of the Department of Taiwan, Hong Kong and Macao Affairs under the Ministry of Foreign Trade and Economic Cooperation, said in a report carried Tuesday in the ministry's publication

"International Commerce" that current difficulties in cross-strait trade were the result of Taiwan's "refusal to open direct links."

Wang said "complementary advantages and concerted operations" should be the goals of cross-strait trade development.

Explaining the "complementary advantages," Wang said Taiwan needs a hinterland as vast as the mainland to market its manufacturing services and high-tech products, while the mainland needs Taiwan's experience in economic development.

Taiwan and Mainland China are already each other's fourth largest trade partners, despite the lack of official trade ties, he noted.

While Taiwan is currently the mainland's second largest import source, Mainland China is Taiwan's third biggest export market.

Taiwan exports to the mainland include petrochemical filaments, plastic raw materials, electrical equipment and instruments, and raw materials and parts for umbrellas, footwear and motorcycle manufacturing.

In return, mainland exports to Taiwan include coal, herbal medicines, cotton, metals, non-metal minerals, and electrical machinery and appliances.

According to mainland government tallies, Taiwan was the mainland's second largest capital source up to the end of last year, infusing a total of US\$18.945 billion for 21,193 investment projects.

In one Jan.-Sept. period of this year, officially approved Taiwan investments on the mainland totaled US\$3.669 billion for 4,656 individual investors, the tallies showed.

Wang said Taiwan investments on the mainland are gradually expanding from coastal areas to inner provinces with investments switching gears from labor-intensive to capital- and technological-intensive industries, and individual investment scales enlarging.

Manufacturing Contributes Less to GDP in '94

OW2812083294 Taipei CNA in English 0721 GMT 28 Dec 94

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, Dec. 28 (CNA)—Taiwan's manufacturing production value accounted for only 28.36 percent of gross domestic product (GDP) this year, the first time the ratio has dipped under 30 percent, the Directorate General of Budget, Accounting and Statistics (DGBAS) said Wednesday [28 December].

The falling ratio reflected the fading role for Taiwan's manufacturing industry in overall economic development. In 1986, the ratio was 39.35 percent, the report said.

The service industry's production value continued growing to reach 59.12 percent of GDP this year, with the finance and insurance industry expanding rapidly to reach 18.79 percent, followed by the commercial sector's 15.3 percent, according to the report.

Taiwan's agricultural sector only contributed 3.58 percent of GDP in 1994, far behind Mainland China's 26.7 percent and Korea's 7.6 percent, but just above the ratio posted by Japan, Germany and the United States. Taiwan's service industry posted a GDP ratio higher than Japan's 55.7 percent and Mainland China's 27.2 percent, but fell behind the United States' 72.3 percent and Germany's 62.1 percent, the report added.

Industry contributed 37.3 percent of GDP, behind Mainland China's 46.1 percent and Japan's 42 percent but ahead of America's 25.7 percent, the report said.

Correction to Economy Expected To Grow 6.8%
OW2612022094

The following correction pertains to the item headlined "Economy Expected To Grow 6.8 Percent in 1995," published in the 23 December China DAILY REPORT, page 69:

Column one, paragraph two, only sentence make read:Fueled by booming exports, Taiwan's economy will perform better in 1995 than it did this year, and inflation is expected to remain under 3.8 percent, the council noted. (correcting figure)

Hong Kong

Qian Qichen Meets With HK Delegation

OW2812102794 Beijing XINHUA in English 1009
GMT 28 Dec 94

[FBIS Transcribed Text] Beijing, December 28 (XINHUA)—Chinese Vice-Premier Qian Qichen said here today that the return of Hong Kong to the motherland is an irresistible trend of the time and the desire of the people.

When meeting a delegation from the Democratic Alliance for the Betterment of Hong Kong led by its Chairman Tsang Yok-sing, Qian said that since the signing of the Sino-British Joint Declaration on the Question of Hong Kong in 1984, China and Britain cooperated comparatively well during the first half period.

But during the later half, the British side has made a wrong evaluation of the situation due to the appearance of an anti-China tide in the world.

However, he said, the years' facts show that China is steadily developing, and it has not collapsed under pressure and there has not been any internal turmoil.

Now, there are only two years or more left before the return of Hong Kong in 1997. "We hope that the British side will strengthen its cooperation with China."

"Good cooperation will reduce troubles. Bad cooperation will lead to more troubles. Even so, we are still confident that Hong Kong is bound to realize its smooth transition," he added.

Referring to the issue related to Hong Kong's civil servants, Qian stressed that the stabilization of Hong Kong's civil servants is of great significance to the stable transfer of power.

He said that the chief officials of the future Hong Kong Special Administrative Region (SAR) should be appointed by the Central People's Government. And other civil servants will be asked to remain on their original posts and employed by the SAR government.

This arrangement will be beneficial to the normal operation of Hong Kong's civil servants, he added.

Qian expressed the hope that Hong Kong's civil servants will set their minds at rest and work hard, not only at present but also after the establishment of the SAR.

He said that it is vital to uphold the banner of loving both the motherland as a whole and Hong Kong. This is because the future of Hong Kong is closely linked up with that of the motherland.

Loving the country is one and the same thing with loving Hong Kong. Hong Kong's development is also a component part of the motherland's construction, Qian said.

He said it is his hope that the alliance will continue its efforts to make fresh contributions to maintaining Hong Kong's prosperity and stability.

"I am sure that any attempt for confrontation with the motherland will not be supported by Hong Kong residents and also runs counter to the principle of 'one country, two systems'", he said.

During the meeting, Qian also heard opinions and suggestions on the work of the Preliminary Working Committee for the Preparatory Committee of the SAR.

Lu Ping, Others Discuss Passport Issue

OW2712172494 Beijing XINHUA in English 1623
GMT 27 Dec 94

[FBIS Transcribed Text] Beijing, December 27 (XINHUA)—Lu Ping, director of the Hong Kong and Macao Affairs Office under China's State Council, and deputy directors Chen Ziyang and Wang Fengchao, met here today with a delegation from the Democratic Alliance for the Betterment of Hong Kong.

Lu and the deputy directors answered questions raised by Tsang Yok Sing, chairman of the Alliance and head of the delegation, and other guests concerning passports, social welfare, retirement benefits, sewage disposal, and human rights issues of the Hong Kong Special Administrative Region (SAR).

When the guests urged that SAR passports be issued to Hong Kong people as soon as possible, Lu Ping said that SAR passports would be issued to Chinese citizens who are permanent Hong Kong residents according to stipulations in the Basic Law.

He said that there were two problems with regard to issuing the passports, which are, first, they should be issued by the government of the SAR and, second, it is difficult to define "Chinese citizens among permanent residents."

Therefore, Lu said, the issuing of the passports has to be left to the SAR government after July 1, 1997. Before that date, Hong Kong residents can enter or exit Hong Kong freely with ID's for permanent Hong Kong residents or passports for overseas British citizens, Lu added.

The official told the visitors that the design, style and limits of the SAR passports are being studied and will be decided soon.

After that, Lu said, the Chinese Government will consult with other countries through diplomatic channels so as to make arrangements for mutual exemption of passports at an early date. He hoped that the British government would take a lead in this regard.

On social welfare and benefits for the retired, Chen Ziyang said that the Chinese government had always

been concerned with the social welfare of the Hong Kong residents and the retirement security of employees.

When the Basic Law was being drafted, Chen said, "we conducted in-depth discussions over these issues and made them clear in the Basic Law."

According to the law, Hong Kong residents have the right to enjoy social welfare; welfare benefits and retirement security of the labor force shall be protected by law.

The Chinese side has held that the life of the aged after retirement should be protected by law so as to guarantee them a good living in their old age.

At present, a large number of people do not enjoy retirement insurance and "we hope to solve this problem on the present basis."

Lu on Future Validity of Passports

HK2812054694 Hong Kong SOUTH CHINA MORNING POST in English 28 Dec 94 p 1

[By Linda Choy in Beijing]

[FBIS Transcribed Text] Hong Kong people might get passports issued by the People's Republic of China in case the Special Administrative Region (SAR) passports cannot be handed out in time for the changeover, according to senior Chinese official Lu Ping.

Mr Lu, director of Hong Kong and Macao Affairs Office, also revealed an offer by Britain to limit the number of foreign passport holders to 20 per cent of the legislature, although most of the Hong Kong people would be regarded as British nationals.

In a meeting with the Democratic Alliance for the Betterment of Hong Kong (DAB), he said the Chinese passport could be issued as a transitional measure among others.

A plan by China to issue the SAR passport before 1997 was abandoned after negotiations on the definition of Chinese nationals failed.

Britain has insisted that all holders of the British Nationality Overseas (BNO) passport and British Dependent Territory Citizen (BDTC) passport be regarded as British nationals.

Mr Lu said this was against the Basic Law and China could not agree to it.

Besides, the plan was also blocked by Basic Law stipulations that the SAR passports should be issued by the government which assumes power on July 1, 1997.

Mr Lu said he believed the failure to issue SAR passports in advance would not pose serious problem to Hong Kong travellers.

"The original passports would continue to be valid. Although we do not recognise the BNO as a kind of passport, it is still a travel document," he said.

He said embassies issue Chinese passports to Hong Kong travellers.

"We consider [those applications] in special circumstances. Hong Kong people travelling to the United States on a Certificate of Identity may apply for a PRC passport for convenience sake," he said.

China is putting the finishing touches to the design of the SAR passport and would negotiate with other countries about visas as soon as it was ready.

Lu Ping Reportedly Wants Container Port To Proceed

HK2812062494 Hong Kong EASTERN EXPRESS in English 28 Dec 94 p 1

[By Rain Ren in Beijing]

[FBIS Transcribed Text] Appearing to soften its previous tough position on the controversial ninth container terminal (CT9), China has indicated that it wants the project to go ahead.

The director of the Hong Kong and Macao Affairs Office, Lu Ping, said Beijing had never intended the project to be abandoned and had been looking for ways to satisfy Britain and China.

Lu was answering a question raised by a delegation from the Hong Kong pro-Beijing party, the Democratic Alliance for Betterment of Hong Kong (DAB), now in Beijing on a four-day visit. The DAB proposed to China that the Hong Kong Government should inject a certain amount of capital into the \$7bn [billion Hong Kong dollars] project so that the construction of the terminal could start as soon as possible.

The DAB suggested that the problem of franchise—the point of disagreement between Britain and China—should be solved later.

The construction of CT9 has been delayed because China strongly opposes the Jardine Matheson group being granted the franchise to operate two of the four-berth container ports. China has claimed the franchises were granted to Jardine as a reward for its strong support of the constitutional reforms of the Governor, Chris Patten.

Beijing's demand that the Government retender the project publicly was rejected by Britain on the grounds that this would seriously harm investor confidence.

Lu's deputy, Chen Ziyang, attacked the Government yesterday for handing out "political privileges" to Jardine. Chen said Jardine lacked the experience needed for operating container ports and a commitment to Hong Kong's future. Lu said he believed that sooner or later a way out could be found that would be acceptable to both sides.

"We are not negative and pessimistic as described by some people, as if we had given up the idea of CT9."

Chen said. "We are working very hard to work out a solution. We believe the CT9 will be built."

On the question of Hong Kong's human rights, Lu said China will not need to accede to the two international covenants on human rights because Hong Kong's human rights after the 1997 handover will be fully protected by the Basic law.

The DAB will meet the Chinese Vice-Premier, Qian Qichen, today.

Tsang Yok-sing, the chairman of the DAB, said the delegation will seek from Chinese officials a more open working style for the Beijing-appointed Preliminary Working Committee [PWC]. He said the DAB maintained that the PWC should keep Hong Kong people informed about the issues discussed by its panels and their conclusions.

Japanese Firms Head List of Airport Contract Winners

HK2812062694 Hong Kong EASTERN EXPRESS in English 28 Dec 94 p 2

[By Michael Bociurkiw]

[FBIS Transcribed Text] With 30 months left before the handover to China, the Government has completed only half of the airport core programme.

Officials yesterday boasted of having made "significant progress" during the year on seven publicly funded projects, but stopped short of promising that the \$158.2bn [billion Hong Kong dollars] scheme will be completed on schedule.

The New Airport Projects Co-ordinating Office said the half-way mark was reached early this month and that the seven Government-funded projects and the Western Harbour Crossing were on track for completion before 1997. Reclamation work for the airport platform is now more than 80 per cent complete.

Foundation excavation for the terminal building is well underway and the contract for the building is expected to be awarded in the new year.

The 2.2-kilometre Tsing Ma Bridge is 65 per cent completed, and reclamation work in Victoria Harbour has added six hectares to Central.

The co-ordinating office director, Billy Lam, said: "We remain confident that all the 10 core projects can be completed to the maximum extent possible by mid-1997 in a cost-effective manner."

So far, 101 construction contracts worth more than \$64bn have been awarded under the \$158.3bn programme.

Japanese companies won most with 26 per cent by value, followed by Hong Kong firms with 21 per cent and British businesses with 13 per cent.

The Mass Transit Railway Corporation has awarded more than half of the 31 airport railway contracts, after the Legislative Council finance committee granted a \$23.7bn injection for rail works.

Lam said the signing of the "agreed minute", the basic financial agreement for the Chep Lap Kok airport and the airport railway between Britain and China, was an important step forward.

The Government is still awaiting agreement by China and Britain on financial support for the MTRC [Mass Transit Railway Corporation] and the Provisional Airport Authority before the two can borrow for contracts.

Lam said that the competitive tendering had reduced costs from \$163.7bn to \$158.2bn.

Poll Shows Desire For Direct Links With Taiwan

OW2812105294 Beijing XINHUA in English 1022 GMT 28 Dec 94

[FBIS Transcribed Text] Beijing, December 28 (XINHUA)—A poll shows that 92.7 percent of the residents on the Chinese mainland hope that direct links in mail, air and trade across the Taiwan Straits should be realized during this century.

Conducted by the Public Opinion Research Society of the People's University and a newspaper, the survey of more than 4,300 people across the country revealed that 50.8 percent of them said that there is a strong need for cultural exchanges between the sides, and 40.2 percent hope to enhance people-to-people exchanges. Investment, trade and academic cooperation were also welcomed.

And most of the respondents worried about the force for "independence" on the island province of Taiwan.

This is the first survey of the kind.

Yuan, HK Dollar Systems 'Close' to Unification

HK2412073194 Hong Kong HONGKONG STANDARD (FINANCIAL REVIEW) in English 24 Dec 94 p 1

[By Bien Perez]

[FBIS Transcribed Text] The Hong Kong Monetary Authority (HKMA) says it is close to unifying the payment systems for the local dollar and the yuan. Hong Kong's quasi-central bank also says that its proposed amendments to the Exchange Fund Ordinance will enable the territory to issue longer-term debt notes.

Chief executive Joseph Yam said yesterday that the HKMA's "greatest achievement" was its recent successful bid to forge a tentative agreement with Chinese authorities on unifying their respective payment systems. "As the two economies become increasingly integrated, the payments system between the yuan and the Hong Kong dollar should be consistent with each other,

so that economic transactions can be settled effectively and with a minimum of risk," he said.

By integrating its-payments system with the mainland, Hong Kong would be able to set up an Asian clearing system, Mr Yam said. He said Chinese authorities were amenable to the idea, based on their talks with the HKMA in Beijing recently. "Hong Kong is one of the most modern financial centres in the region, or the world, and it's going to be part of China after 1997. Wouldn't you like it?" he said. "I envisage that by 1997, quite a lot of large payments systems in the world in respect of the various currencies . . . will all have moved to real-time bill settlement and they will all have linked together in order to minimise risk," he said.

The HKMA was considering issuing seven-year Exchange Fund notes next year, based on a proposed modernisation of the Exchange Fund Ordinance. It was hoping to be in a position to consider the issue next year, depending on market demand for the five-year notes first issued in September this year. "I would like to see the five-year paper run for a few more issues before I consider seven-year paper," he said. "If there is a profit for us certainly I will consider it."

The HKMA currently issues five-year, three-year and two-year notes, and six-month, three-month one-month and one-week bills. The average yield of Hong Kong's second issue of \$500 million worth of 8.15 per cent five-year notes earlier this month was 8.48 per cent. The ability of the HKMA to issue longer-term Exchange Fund notes is expected to expand the Hong Kong-dollar debt market. Mr Yam said the proposed changes in the Exchange Fund Ordinance, once approved, would also allow the HKMA to raise financing at short notice.

Cheung Kong Comments on Beijing McDonald's Case

HK2412064394 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English 24
Dec 94 p 1

[By Foo Choy Peng]

[FBIS Transcribed Text] Cheung Kong group yesterday broke its silence on the Beijing commercial complex that

sparked a controversy as a fast-food chain was evicted to make way for the development. In a statement, the group said the basic approvals for the project were received last year but the formalities for an agreed expansion were being processed.

The development of Oriental Plaza—at a cost of US\$1.29 billion—sparked an international storm because fast-food giant McDonald's was evicted to make way for the project.

Cheung Kong said an indirect company Hui Xian Investment—the foreign party involved in the project—was in talks with Beijing city planning authorities and experts to work out a design plan for the development. "We believe that, with the concerted effort of both parties, a final plan for Oriental Plaza, which both takes into consideration the city's overall design and historical character and is commercially viable, will be reached within a short time," the company said.

Cheung Kong's reply came as press reports suggested that work on the development came to a halt, pending final official approval, because the proposed building was reported to be 70-metres high, giving it a view of the Forbidden City and exceeding the height limits in the Wangfujing area.

The group said Talent Sun—a subsidiary in which it had a 65 per cent stake, with Hutchison Whampoa holding the remaining stake—reached an agreement to build Oriental Plaza and take a 63.7 per cent stake in Hui Xian in August last year.

Hui Xian is the foreign partner in Oriental Plaza and has shares in Beijing Oriental Plaza, owner of the project, originally to be built on a 107,600 square foot site. But early this year, Hui Xian reached an agreement with the Beijing government to expand the development area for the project to more 1.017 million sq ft. The expanded site covers an area stretching to Dongdanbei Dajie to the east, Wangfujing Dajie to the west, Dongchangan Jie to the south and Xijie Hospital to the north.

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